

ANNUAL REPORT



OCR GROUP BERHAD
[199701025005 (440503-K)]



YOLO
SIGNATURE SUITES



ISOLA
KLCC



THE MATE
DAMANSARA JAYA



PRIYA
KUANTAN

2020

OUR VISION

IT'S WHERE YOU'LL WANT TO BE

OUR MISSION



PRODUCT

DEVELOP AND CONSTRUCT BEST VALUED PROPERTIES THAT FULFILL CUSTOMERS' NEEDS.



SERVICE

DELIVER HIGH QUALITY SERVICES AND EXPERIENCES AS THE MARK OF OCR EXCELLENCE.



INTERNAL

PROVIDE CONDUCTIVE ENVIRONMENT THAT PROMOTE CONTINUOUS GROWTH & DEVELOPMENT FOR OUR PEOPLE.



EXTERNAL

CREATE SUSTAINABLE VALUES FOR OUR STAKEHOLDERS' INTEREST.

5 CORE VALUES

INITIATIVE

WE ALWAYS GO EXTRA MILES TO **ACHIEVE BEYOND OUR TARGETS AND EXPECTATIONS**, WITHIN AND OUTSIDE THE ORGANIZATION. WE PURSUE EXCELLENCE BY SEEING POSSIBILITIES, INSTEAD OF LIMITATIONS.

INNOVATION

AS A PROGRESSIVE ORGANIZATION, WE ARE COMMITTED TO **CONSTANTLY EVOLVE, IMPROVE AND EMBRACE CHANGE** TO UPSCALE OUR PRODUCTS AND SERVICES. WE STRIVE TO BE DIFFERENT THROUGH CREATIVITIES AND NEW IDEAS TO STAY COMPETITIVE IN THE MARKET.

INTEGRITY

AS A CORPORATE CITIZEN, WE REMAIN **TRUE TO OUR FOUNDING VALUES OF ETHICS AND INTEGRITY**; ENSURING COMPLIANCE, PROFESSIONALISM AND TAKE RESPONSIBILITY IN EVERY DECISION AND ACTION.

PASSION

WE BELIEVE IN POSITIVITY AND THAT OUR STRENGTH LIES IN OUR PEOPLE. WE LOVE OUR PEOPLE AND ENJOY OUR WORKS. WE **ALWAYS STAY OPTIMISTIC IN ADVERSITY AND EMERGE STRONGER THAN BEFORE**.

COLLABORATION

WE **BELIEVE IN THE POWER OF WORKING TOGETHER**. WE ADDRESS COLLABORATION WITHIN OUR TEAM & BUSINESS PARTNERS; TO DELIVER GREATER SUCCESS THROUGH SHARED GOALS AND MUTUAL SUPPORT.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman/Independent Non-Executive Director
YAM Tunku Azudinsyah Ibni Tunku Annuar

Group Managing Director
Ong Kah Hoe

Independent Non-Executive Directors
Hj. Abdullah Bin Abdul Rahman
Admiral Tan Sri Dato' Seri Panglima Ahmad
Kamarulzaman Hj Ahmad Badaruddin (*Retired*)
Chong Min Shih
Julian Koh Lu Ern
Dato' Haji Mohd Fakrunizam Bin Ibrahim

Non-Independent Non-Executive Director
Lee Chin Cheh

AUDIT COMMITTEE

Julian Koh Lu Ern (*Chairman*)
YAM Tunku Azudinsyah Ibni Tunku Annuar
Hj. Abdullah Bin Abdul Rahman

NOMINATING COMMITTEE

YAM Tunku Azudinsyah Ibni Tunku Annuar (*Chairman*)
Hj. Abdullah Bin Abdul Rahman
Lee Chin Cheh

REMUNERATION COMMITTEE

YAM Tunku Azudinsyah Ibni Tunku Annuar (*Chairman*)
Ong Kah Hoe
Chong Min Shih

OPTION COMMITTEE

Ong Kah Hoe (*Chairman*)
Admiral Tan Sri Dato' Seri Panglima Ahmad
Kamarulzaman Hj Ahmad Badaruddin (*Retired*)
Wong Jyh Juan

RISK MANAGEMENT COMMITTEE

Ong Kah Hoe (*Chairman*)
Lee Chin Cheh
Admiral Tan Sri Dato' Seri Panglima Ahmad
Kamarulzaman Hj Ahmad Badaruddin (*Retired*)

COMPANY SECRETARY

Tan Tong Lang (MAICSA 7045482)
(SSM PC No. 201908002253)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor, Malaysia
Tel : +6 03 7890 0638
Fax : +6 03 7890 1032

CORPORATE OFFICE

A-3A-01, Block Allamanda
10 Boulevard Lebuhraya Sprint, PJU 6A
47400 Petaling Jaya
Selangor, Malaysia
Tel : +6 03 7710 1000
Fax : +6 03 7729 0300

SHARE REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : +6 03 6201 1120
Fax : +6 03 6201 3121

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
Tel : +6 03 2297 1000
Fax : +6 03 2282 9980

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market – Construction
Bursa Malaysia Securities Berhad
Stock Name and Stock Code:
- OCR (7071)
- OCR-PA (7071PA)
- OCR-WC (7071WC)
- OCR-WD (7071WD)

Corporate website : www.ocrbhd.com
Corporate email : corporate@ocrbhd.com

CORPORATE STRUCTURE



OCR Group Berhad [199701025005 (440503-K)]

Wholly-Owned Subsidiaries of OCR Group Berhad:

- 1) OCR Commerce Sdn. Bhd. (*f.k.a. O&C Commerce Sdn. Bhd.*) [201101033614 (961749-X)]
 - Trading and provision of construction materials.
- 2) OCR Construction Sdn. Bhd. (*f.k.a. O&C Construction Sdn. Bhd.*) [201401042973 (1119151-W)]
 - Construction of residential and commercial properties and property development.
- 3) Tristar City Sdn. Bhd. [201501022066 (1147394-P)]
 - Property development and property investment.
- 4) Grand Superland Sdn. Bhd. [201501022856 (1148185-D)]
 - Construction of residential and commercial properties and property development.
- 5) Sunrise Meadow Sdn. Bhd. [201601014228 (1185159-H)]
 - Property development and property investment.
- 6) Kirana Masyhur Sdn. Bhd. [201601037701 (1208642-U)]
 - Investment holding and project management consultation.
- 7) YP OCR Development Sdn. Bhd. (*f.k.a. YP O&C Development Sdn. Bhd.*) [201601038462 (1209403-K)]
 - Property development.
- 8) Fajar Simfoni Sdn. Bhd. [201801001511 (1263524-X)]
 - Engage in the business of investment holding, export and import of goods and real property management.
- 9) Junjung Simfoni Sdn. Bhd. [201801004687 (1266701-X)]
 - Engage in the business of investment holding, export and import of goods and real property management.
- 10) OCR Land Development Sdn. Bhd. [201801012568 (1274584-H)]
 - Property development.
- 11) Amazing Symphony Sdn. Bhd. [201801012530 (1274546-D)]
 - Construction of residential properties.

90% Owned Subsidiary of OCR Group Berhad:

- 1) OCR Properties (Kuantan) Sdn. Bhd. (*f.k.a. O&C Properties (Kuantan) Sdn. Bhd.*) [201701011996 (1226161-P)]
 - Property development and property investment.

Wholly-Owned Subsidiaries of Grand Superland Sdn. Bhd.:

- 1) Greatway Capital Sdn. Bhd. [201701005629 (1219794-H)]
 - Construction of residential and commercial properties.
- 2) Serba Simfoni Sdn. Bhd. [201801000842 (1262855-H)]
 - Engage in the business of investment holding, export and import of goods and real property management.

Wholly-Owned Subsidiary of Serba Simfoni Sdn. Bhd.:

- 1) Fotopop (M) Sdn. Bhd. [199001000272 (191830-X)] ⁽¹⁾
 - Property investment.

80% Owned Subsidiary of Grand Superland Sdn. Bhd.:

- 1) Visi Anggun Properties Sdn. Bhd. [201601029205 (1200146-T)]
 - Construction of residential and commercial properties.

70% Owned Subsidiaries of OCR Group Berhad:

- 1) OCR Development (Kuantan) Sdn. Bhd. (*f.k.a. O&C Development (Kuantan) Sdn. Bhd.*) [201501016754 (1142088-K)]
 - Property development and property investment.
- 2) Pangkal Teguh Sdn. Bhd. [201101012009 (940148-A)]
 - Construction of residential and commercial properties, project management and real estate.
- 3) Kita Mampan Sdn. Bhd. [201301028974 (1058804-X)]
 - Construction of residential and commercial properties.

50.01% Owned Subsidiary of OCR Group Berhad:

- 1) O&C Makok Isola Sdn. Bhd. [201101009616 (937755-H)]
 - Property development.

50.0005% Owned Subsidiary of Kirana Masyhur Sdn. Bhd.:

- 1) Mampan Esa (Melaka) Sdn. Bhd. [201301033683 (1063513-P)]
 - Property and facilities management.

49% Owned Associate through Kita Mampan Sdn. Bhd.:

- 1) AES Builders Sdn. Bhd. [199201014866 (246369-T)]
 - Construction of residential and commercial properties.

40% Owned Associate through Kirana Masyhur Sdn. Bhd.:

- 1) Landasan Surimas Sdn. Bhd. [201001038435 (922359-A)] ⁽²⁾
 - Investment holding, project management consultation and construction.

70% Owned Joint Venture through Landasan Surimas Sdn. Bhd.:

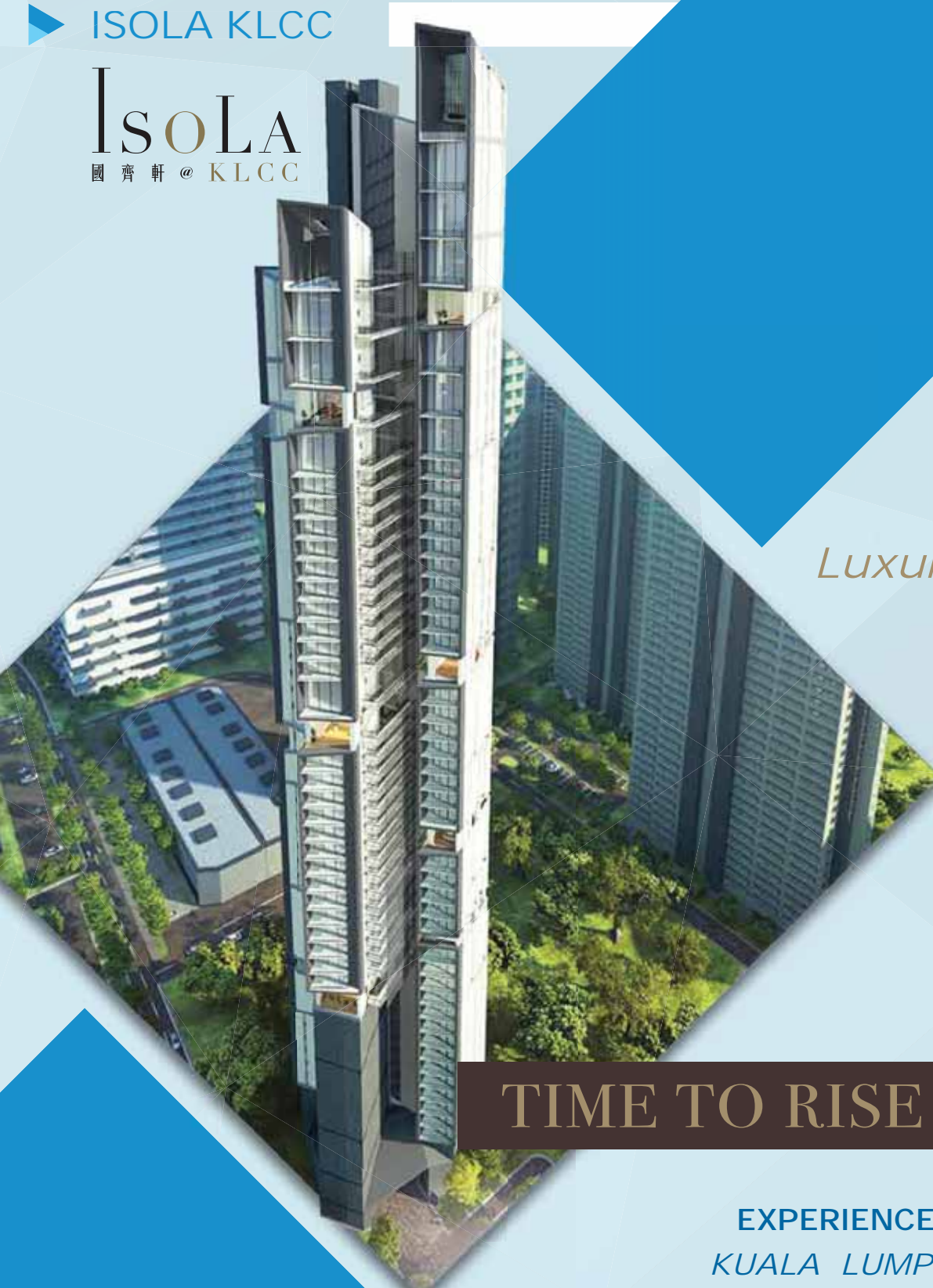
- 1) Taraf Raya Sdn. Bhd. [201001017703 (901408-K)] ⁽³⁾
 - Project management consultation and construction.

Note :

- (1) Fotopop (M) Sdn. Bhd. was acquired on 6 May 2020.
- (2) Landasan Surimas Sdn. Bhd. was acquired on 17 March 2020.
- (3) Taraf Raya Sdn. Bhd. was acquired on 4 August 2020.

▶ ISOLA KLCC

ISOLA
國齊軒 @ KLCC



Luxury Living

TIME TO RISE ABOVE

EXPERIENCE THE FINEST
KUALA LUMPUR HAS TO
OFFER FROM A PLACE THAT
PERFECTLY REFLECTS YOUR
STANDARD AND AMBITIONS

BOARD OF DIRECTORS



YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR

*Age 52, Male, Malaysian
Chairman/Independent Non-Executive Director
Chairman of Remuneration Committee
Chairman of Nominating Committee
Member of Audit Committee*

YAM Tunku Azudinshah Ibni Tunku Annuar was appointed to the Board of Directors ("Board") as an Independent Non-Executive Director cum Chairman of the Board on 14 August 2015. He is the Chairman of Remuneration Committee and Nominating Committee as well as member of the Audit Committee of OCR.

YAM Tunku Azudinshah started his professional career in advertising with the International Agency AP: Foote, Cone and Belding where he managed numerous multinational accounts. He subsequently co-founded PRS Corporate Images and Orbitel.net, media companies and produced television programmes focusing on the "Halal Industry". Amongst its clients were Nestle, Sime Darby, Menteri Besar Inc (Terengganu), Formis and Inti Group. Premised on his experience with media and communications, YAM Tunku Azudinshah was elected to the board of the International Association of Business Communicators for a period of two (2) years from 2001 to 2002.

YAM Tunku Azudinshah Ibni Tunku Annuar does not hold any directorships in other public companies but sits on the board of several private limited companies.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.



ONG KAH HOE

*Age 47, Male, Malaysian
Group Managing Director
Chairman of Risk Management Committee
Chairman of Option Committee
Member of Remuneration Committee*

Mr. Ong Kah Hoe was appointed to the Board as a Non-Independent Non-Executive Director on 14 November 2014 and was re-designated as Executive Director on 2 April 2015. He was subsequently appointed as Group Managing Director of the Company on 19 August 2016. Mr. Ong is the Chairman of Risk Management Committee and Option Committee as well as member of the Remuneration Committee of OCR.

Mr. Ong graduated from University of Coventry, United Kingdom ("U.K.") in 1997 with a Bachelor Degree (Honours) in Business Administration. Mr. Ong has seventeen (17) years of experience in property development and construction. He has successfully led and completed numerous residential, commercial and hotel projects. As Group Managing Director of OCR, he spearheads the Group's overall strategy and direction in the property development, construction and project management consultation businesses.

Mr. Ong does not hold any directorships in other public companies but sits on the board of several private limited companies.

His holdings in the Company's securities are set out under page 172 of this Annual Report. He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.

Board Of Directors
(Cont'd)

**ADMIRAL TAN SRI DATO'
SERI PANGLIMA AHMAD
KAMARULZAMAN
HJ AHMAD BADARUDDIN
(RETIRED)**

*Age 62, Male, Malaysian
Independent Non-Executive Director
Member of Risk Management Committee
Member of Option Committee*

Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired) was appointed to the Board as an Independent Non-Executive Director on 13 March 2019. He is a member of the Risk Management Committee and Option Committee of OCR.

He completed the Advance Management Program (AMP) at Harvard Business School, Harvard University, Boston, USA. He obtained his MBA from the University of Strathclyde Business School, Scotland in 1999 and MA in Defence Studies and International Relations from the National University of Malaysia in 2003. He also completed the Executive Program in Business Management at Kenan-Flagler Business School, University of North Carolina, USA. He is a Distinguished Graduate of the Fu Hsing Kang College, Republic of China, in Political Warfare as well as the US Naval War College, Newport, Rhode Island.

He has not only served the King and country for 42 years, but also held numerous positions in the Navy and Joint Services including Chief of Staff at the Malaysian Armed Forces Headquarters and Joint Force Commander of the Malaysian Armed Forces. Not only that, he assumed command of the 16th Royal Malaysian Navy Chief on 18 November 2015 until 30 March 2019. Currently, he undertakes advisory and consulting roles on business transformation, strategic initiatives, turnaround, integration and global networking. He also maintains good relationships and international ties, particularly in the Middle East, ASEAN, United States of America, China, India, and Japan.

Presently, he sits on the board of T7 Global Berhad and TRC Synergy Berhad as well as several private limited companies.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.



HJ. ABDULLAH BIN ABDUL RAHMAN

*Age 64, Male, Malaysian
Independent Non-Executive Director
Member of Audit Committee
Member of Nominating Committee*

Hj. Abdullah Bin Abdul Rahman was appointed to the Board as an Independent Non-Executive Director on 14 August 2015. He is member of Audit Committee and Nominating Committee of the OCR.

He graduated with a Bachelor of Business Administrative (Honours) from Universiti Kebangsaan Malaysia.

Hj. Abdullah had a long career path in management with Malayan Banking Berhad ("Maybank"). He has served in various capacities in banking operations and strategic innovation activities at branches, regionals and head office level of Maybank until his retirement from Maybank in 2012 after thirty (30) years. As Head of Mortgage at Maybank, he was responsible for strategic and operational activities related to mortgage and property under Consumer Banking. His last appointment at Maybank was as the Head of Business Banking in charge of small and medium enterprises, commercial and corporate units.

Presently, he sits on the board of Lambo Group Berhad as well as several private limited companies.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.

Board Of Directors
(Cont'd)**LEE CHIN CHEH**

*Age 50, Male, Malaysian
Non-Independent Non-Executive Director
Member of Nominating Committee
Member of Risk Management Committee*

Mr. Lee Chin Cheh was appointed to the Board as an Independent Non-Executive Director on 23 June 2016 and was re-designated as Non-Independent Non-Executive Director on 21 November 2017. He is a member of Nominating Committee and Risk Management Committee of the Company.

Mr. Lee graduated with Bachelor of Laws (Honours) from the University of Wolverhampton, United Kingdom, in July 1994 and subsequently obtained his Certificate of Legal Practice from Malaysia's Legal Profession Qualifying Board in December 1995. In the same year, he commenced his pupillage with Messrs. Vincent Lim & Teoh before his admission to the High Court of Malaya as an advocate and solicitor in November 1996.

He then joined Nordin Hamid & Co. as a legal associate in 1996 where his main area of practice was in conveyancing and commercial transactions. In 1997, he left Nordin Hamid & Co. and established his own law firm, Messrs Lee Ong & Partners, and took on the position as Managing Partner of the firm, a position which he holds to-date. He has over 25 years of working experience in the legal industry encompassing conveyancing and various areas of corporate and commercial law, advising individuals and corporate entities in Malaysia and Singapore.

He was involved in governmental and non-governmental organisations where he provides legal and business insights. Since 2018, he has been appointed as a Special Task Officer to the Minister of Housing and Local Government to help formulate housing policies and advice on issues affecting local governments. As a legal practitioner, he regularly advises non-governmental organisations including but not limited to Malaysia-Guangdong Investment Promotion Council, Petaling Trade and Industry Association, Petaling Jaya Coffee Shop and Restaurant Association and Petaling Hawkers Association.

He also holds directorship positions in other corporations, namely as an Independent Non-Executive Director of Magna Prima Berhad and Non-Independent Non-Executive Director of Malaysia Digital Economy Corporation in Malaysia, and as a Non-Executive Director of Pan Asia Corporation Limited in Australia.

He is also a director and shareholder of several private limited companies.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.

**CHONG MIN SHIH**

*Age 46, Female, Malaysian
Independent Non-Executive Director
Member of Remuneration Committee*

Ms. Chong Min Shih was appointed to the Board as an Independent Non-Executive Director on 10 February 2020. She is a member of Remuneration Committee.

Ms. Chong graduated with a Bachelor of Business (Accountancy) Degree with RMIT University. She has nineteen (19) years of professional experience in turning around underperforming accounts through strategic implementation and partnership programmes.

Currently, she is managing Onesoft Consulting Sdn Bhd, Heyday Creation Sdn Bhd, 7seeds Solution Sdn Bhd and Maths Master Mind Sdn Bhd.

Ms. Chong does not hold any directorships in other public companies but sits on the board of several private limited companies.

She has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.

Board Of Directors
(Cont'd)

JULIAN KOH LU ERN
Age 60, Male, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee

Mr. Julian Koh Lu Ern was appointed to the Board as an Independent Non-Executive Director on 18 February 2020. He is also the Chairman of the Audit Committee of OCR.

Mr Julian Koh is a Chartered Accountant of Malaysia (C.A.(M)). He is also an Associate Member of the Chartered Institute of Management Accountants, U.K. ("ACMA") and a Chartered Global Management Accountant ("CGMA").

He has more than thirty five (35) years of experience in the fields of strategic planning, human resources, accounting, corporate finance, risk management, managing and controlling information system, taxation and funding in diversified industries including advertising, property development, stockbroking and fund management. He was the Group Finance Director of People'n Rich Holdings Sdn Bhd prior to his appointment to the Board of the Company.

Presently, he sits on the board of Seni Jaya Corporations Berhad.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.



**DATO' HAJI MOHD FAKRUNIZAM
BIN IBRAHIM**
Age 40, Male, Malaysian
Independent Non-Executive Director

Dato' Haji Mohd Fakrunizam Bin Ibrahim was appointed to the Board as an Independent Non- Executive Director on 21 February 2020.

He graduated with a Bachelor of Science (Honours) in Cognitive Science from Universiti Malaysia Sarawak, Shahputra College.

He has served as Manager at Shell Malaysia Sdn Bhd from November 2003 to July 2008, Manager to Head of Exploration and Production at Petronas ICT from August 2008 to December 2012, Director of Innovation and Knowledge Management at Ministry of Education (Education Performance Delivery Unit - PADU) from January 2013 to December 2014 and Managing Director of Oxford Alliance Sdn Bhd from January 2015 to October 2015. Currently, he is Group Chief Executive Officer of Meridian Rex Sdn Bhd, a Meridian energy utilities and engineering company.

Dato' Haji Mohd Fakrunizam does not hold any directorships in other public companies but sits on the board of several private limited companies.

He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2020.

KEY SENIOR MANAGEMENT

The management team is headed by the Group Managing Director, Mr. Ong Kah Hoe, whose profile is found in the Profile of Directors on page 5 of the Annual Report. The profiles of other Key Senior Management are as follows:



WONG JYH JUAN
Age 42, Male, Malaysian
Chief Financial Officer
Member of Option Committee

Mr. Wong Jyh Juan was employed by OCR Group Berhad (“the Company” or “OCR”) as Chief Financial Officer (“CFO”) on 19 August 2019. He is a member of Option Committee of OCR.

He graduated with a Bachelor of Accounting (Hons) from Universiti Tenaga Nasional and Master of Business Administration (“MBA”) with Distinction from The University of Nottingham. He is a Chartered Accountant of Malaysia (C.A.(M)), a Fellow Member of the Association of Chartered Certified Accountants (“FCCA”) and a Certified Internal Auditor (“CIA”).

Mr. Wong started his career in assurance services with Deloitte and Ernst & Young between 2002 to 2005, serving as an external financial auditor, due diligence auditor for mergers and acquisitions (“M&A”) as well as reporting accountant for Initial Public Offerings (“IPOs”). After that, he joined CIMB Investment Bank Berhad in 2007 for around seven (7) years, in charge of driving key leads, managing and executing equity and debt capital markets transactions, M&A, IPO, banking, treasury as well as a myriad of universal banking products.

Between 2014 to 2019, Mr. Wong joined Country Garden Holdings Co Ltd (“CG”) and rose through the ranks with merit, eventually serving his last held position as the CFO and Assistant Regional President for the Malaysia Region. He played an instrumental role in CG’s fast growth within Iskandar Malaysia and Klang Valley. His major accomplishments include leading CG to become the first Chinese corporate to establish an award-winning RM1.5 billion Sukuk programme, rated AA3/Stable by RAM Ratings, with issuances of different tenures since 2015.

Presently, Mr. Wong does not hold any directorship in any public companies. He does not have family relationship with any directors and/or other substantial shareholders of the Company. Currently, he holds 500,000 units of ordinary shares in the Company. He has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on him by any relevant regulatory bodies during the financial year ended 31 December 2020.



ONG YEW MING
Age 46, Female, Malaysian
Chief Marketing Officer

Ms. Ong Yew Ming graduated with a Bachelor’s Degree in Business Studies from University of Western Illinois, United States of America.

In 2004, she was appointed as Executive Director of Sales and Marketing in OCR Land Holdings Sdn Bhd During her tenure with the company, she has been involved in landbank acquisitions and product design developments. She is also involved in formulating and implementing effective marketing strategies, product positioning and pricing strategies to maximise return on the investments for launched projects.

Throughout her seventeen (17) year career, she has successfully launched more than twenty (20) projects ranging from residential to mixed developments. Today, Ms. Ong is in charge of overseeing the Group’s Corporate Development Division, which includes sales and marketing, credit and leasing, digital marketing, corporate affairs and branding.

Presently, Ms. Ong does not hold any directorship in any public companies but sits on the board of several private listed companies. She and Mr. Ong Kah Hoe are siblings. Her holdings in the Company’s securities are set out under page 172 to 173 and 178 to 179 of this Annual Report. She has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on her by any relevant regulatory bodies during the financial year ended 31 December 2020.

Key Senior Management
(Cont'd)

ISAAC CHUA AIK KIANG
Age 45, Male, Malaysian
General Manager of Property Development

Mr. Isaac Chua Aik Kiang graduated with a Bachelor's Degree in Civil Engineering from Universiti Teknologi Malaysia.

He began his career as a Test Engineer in Geonamic (M) Sdn Bhd in 2000. Subsequently, he moved on to PC Geo Management Sdn Bhd as a Civil and Structural Design Engineer in 2001. In 2008, he joined Mahajaya Berhad as Project Manager.

In 2010, Mr.Chua joined OCR Land Holdings Sdn Bhd as Project Manager. He was promoted to General Manager of Project Development in 16 December 2019 and has held that position since.

He has been panelled with the Asian International Arbitration Center as Adjudicator in 2016. He is also registered with Board of Valuers, Appraisers, Estate Agents and Property Managers as Property Manager in 2019.

Throughout his twenty one (21) year career, he has been involved in land acquisition, feasibility study, project management and properties management. He successfully completed more than fifteen (15) projects ranging from residential to mixed development.

Presently, Mr. Chua does not hold any directorship in any public companies. He does not have family relationship with any directors and/or other substantial shareholders of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on him by any relevant regulatory bodies during the financial year ended 31 December 2020.



NG CHIN YUNG
Age 48, Male, Malaysian
General Manager of Corporate Development

Mr. Ng Chin Yung joined the Company as General Manager of Corporate Development on 21 June 2018.

He graduated with a Bachelor's Degree in Technology Management from Universiti Teknologi Malaysia.

Mr. Ng began his career as Sales and Marketing Executive with PJD Group Berhad ("PJD") in 1997. After ten (10) years, he was promoted to Assistant General Manager of PJD. He has successfully planned, strategised and launched more than forty (40) projects, ranging from fully integrated 1,000-acre township to commercial developments such as industrial park, shopping mall as well as residential developments ranging from resort to luxury residences in Klang Valley, Johor Bahru, Penang, Ipoh, Malacca, Kedah and Pahang.

Mr Ng took every challenge as an opportunity to improve his skillset and built a solid track record of over fifteen (15) years in the property sector, including projects in Singapore, Hong Kong, China, Dubai, Japan and more.

In 2013, Mr. Ng left PJD and joined Leadmont Group as General Manager where he was involved in sales and marketing, credit administration and leasing business segments.

Presently, Mr. Ng does not hold any directorship in any public companies. He does not have family relationship with any directors and/or other substantial shareholders of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences with the past five (5) years nor was there any public sanction or penalty imposed on him by any relevant regulatory bodies during the financial year ended 31 December 2020.

Key Senior Management (Cont'd)



PHYLLIS TAY YEN SIN
*Age 37, Female, Malaysian
General Counsel*

Ms. Phyllis Tay Yen Sin joined the Company as General Counsel on 13 December 2019.

She graduated with a Bachelor of Laws (Honours) from University of London, and was called to the Malaysian Bar in 2008.

She is also a certified Adjudicator of Asian International Arbitration Centre since 2014.

Ms. Tay started her career by practising as a corporate and commercial lawyer in one of the largest and oldest legal firms in Malaysia, SKRINE, where she was involved in matters of mergers and acquisitions, joint venture, foreign investments, corporate advisory and governance matters.

After her time at SKRINE, she moved on to Siemens Malaysia as a Legal Counsel before joining Country Garden Pacific View Sdn Bhd ("CGPV") in 2015 with its core business in property development, property management and hospitality. At CG, she established and led the Legal Department as Legal Director for the Malaysia Region including Forest City project in Johor.

Presently, Ms. Phyllis does not hold any directorship in any public companies. She does not have family relationship with any directors and/or other substantial shareholders of the Company. She does not have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor was there any public sanction or penalty imposed on her by any relevant regulatory bodies during the financial year ended 31 December 2020.

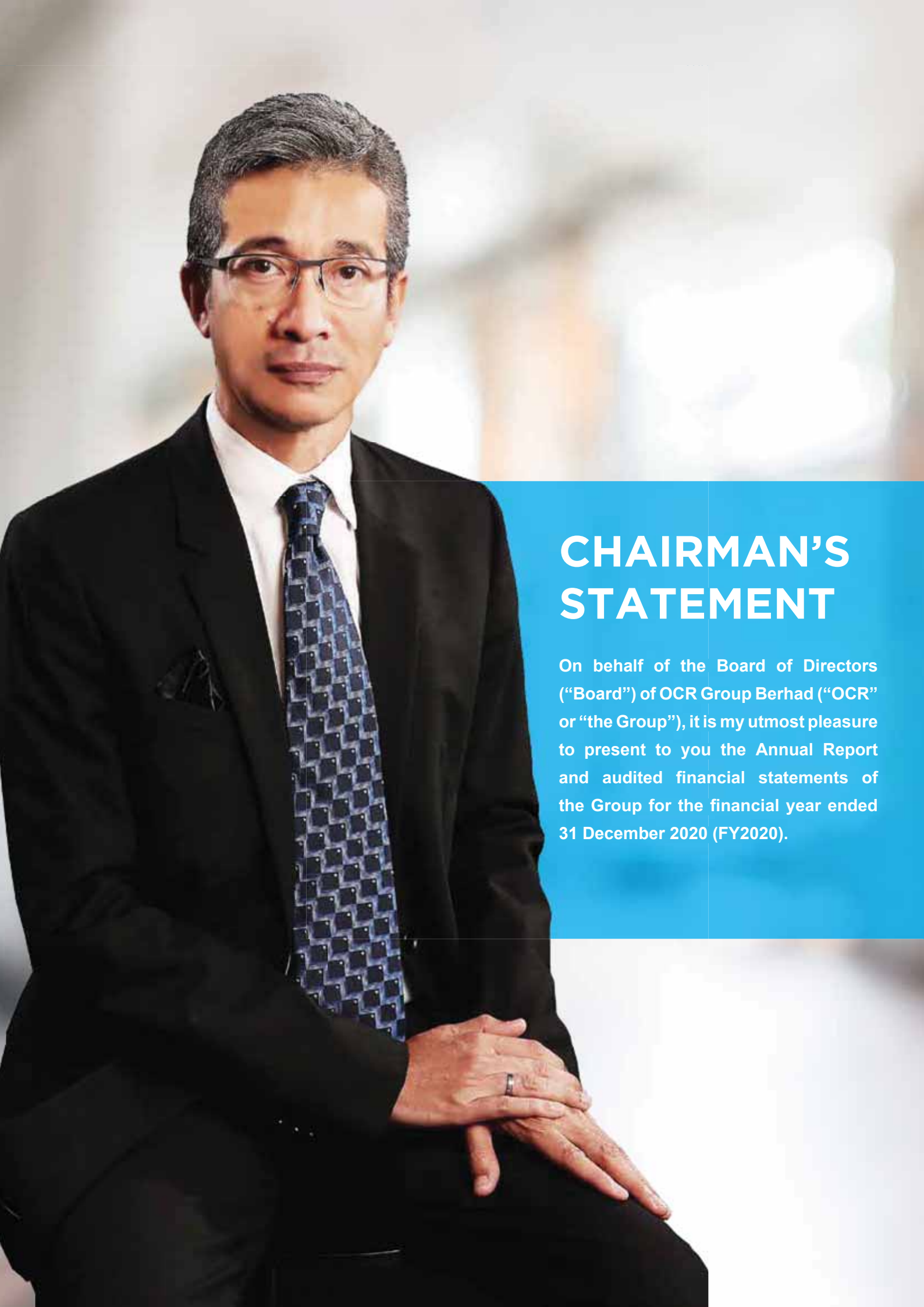
▶ PRIYA KUANTAN



Essential Living

Rumah **Idaman** Mampu Milik

PROVIDE A HOME WITH FINEST
QUALITY FOR YOUR FAMILY WITH
PRIYA AFFORDABLE HOUSE.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (“Board”) of OCR Group Berhad (“OCR” or “the Group”), it is my utmost pleasure to present to you the Annual Report and audited financial statements of the Group for the financial year ended 31 December 2020 (FY2020).

Chairman's Statement (Cont'd)

ECONOMIC AND INDUSTRY OVERVIEW

Global Gross Domestic Product ("GDP") growth in 2020 was affected by the effects of the Coronavirus Disease ("COVID-19") pandemic as country borders were closed as a safety precaution. The International Monetary Fund reported that this resulted in global GDP contracting by 3.5% in 2020 from a growth of 2.8% in 2019.

COVID-19 prompted the Malaysian Government to issue a mandatory Movement Control Order ("MCO") nationwide from mid-March 2020 till early-May 2020. Only essential services such as healthcare and food and beverages-related sectors were allowed to operate, thus disrupting construction site works and affecting sales of properties. The various forms of MCO implemented after also hampered our performance in FY2020.

On top of COVID-19, Malaysia endured an additional challenge in the form of an unexpected change in the ruling coalition in March 2020. This increased market uncertainties due to the possible shifts in key policies and directions, especially on the public sector projects and larger economic decisions.

These factors resulted in Malaysia's GDP contracting 5.6% in 2020 from a growth of 4.3% a year ago as reported by Bank Negara Malaysia. As at 31 December 2020, the total value of the unsold completed residential units marginally increased to RM18.9 billion from RM18.8 billion a year ago despite total number of unsold residential units decreasing to 29,565 units from 30,664 units previously. This is mainly due to the impacts of COVID-19, which has caused some business corporations to cease and individuals to have a lower disposable income.

FINANCIAL HIGHLIGHTS

Despite the tumultuous economic landscape, I am pleased to report that OCR successfully recorded its second consecutive year of profitability, with net profit attributable to shareholders of RM0.8 million on RM73 million revenue in FY2020. As a comparison, the Group posted a bottom-line of RM8.9 million on RM81.9 million revenue in the previous year.

The Group's decision to focus on property development, construction and project management consultation ("PMC") as its primary growth drivers since 2019 has certainly paid off. This has allowed the Group to have a strong buffer to withstand the economic downturn in FY2020. By leveraging on the robust track record of the key management in these sectors, I believe we have what it takes to make the leap to our next growth phase.

CORPORATE DEVELOPMENTS

- Signed a Memorandum of Understanding ("MOU") with Malaysian Rail Link Sdn Bhd ("MRL") and China Communications Construction (ECRL) Sdn Bhd ("CCC")

In June 2020, the Group entered into a 70:30 joint venture ("JV") agreement with Perbadanan Kemajuan Negeri Pahang to set up the JV company Taraf Raya Sdn Bhd ("Taraf Raya") via its 40%-owned associate company Landasan Surimas Sdn Bhd. Taraf Raya was established to be the vehicle of Pahang State Government to manage the Pahang portion of the East Coast Rail Link ("ECRL").

In December 2020, Taraf Raya signed a MOU with MRL and CCC to explore the prospective collaboration in relation to the ECRL project. Under the MOU, Taraf Raya will provide consultation and assistance to MRL and CCC on matters relating to local authorities in Pahang and assist CCC in sourcing suppliers and contractors for the purpose of optimizing the participation of local content and resources.



Signing Ceremony of MOU between Taraf Raya, CCC and MRL on 21 December 2020

Chairman's Statement (Cont'd)

CORPORATE DEVELOPMENTS (CONT'D)

- Issuance of new shares to Macquarie Bank Limited (Macquarie Bank) and Employee Share Option Scheme (ESOS)

At the Extraordinary General Meeting in February 2020, shareholders approved two proposals, namely the issuance up to 98.6 million new shares to Macquarie Bank, and reward executive director and employees with ESOS.

The issuance of new shares to Macquarie Bank allowed us to speedily raise up RM24.2 million to fund ongoing and future projects, whilst also preserving our cash flow for operational purposes. Furthermore, it helps us to maintain a lean balance sheet and prevent higher finance costs.

The ESOS is available for all executive directors and employees who meet the criteria of eligibility for participation in the ESOS as set out in the Bylaws. The ESOS is aimed to reward the executive director and employees for their accumulated contribution and continued growth of the Group, as well as align the team's interests to the Group's performance.

MARKET OUTLOOK

We remain cautiously optimistic of the global outlook for the year ahead as the World Bank expects 2021 global GDP to expand by 4% assuming COVID-19 vaccine rollout becomes widespread throughout the year. However, other issues still persists, such as the shortage of shipping containers and closure of trade borders, which are likely to continue weighing down global trade in the near future.

According to Bank Negara Malaysia, Malaysia's GDP is forecasted to grow within the range of 6-7.5% in 2021 as the distribution and effectiveness of vaccines would lift sentiments and spur consumption spending in the country.

We expect the property development industry to be boosted by the continuation of the Home Ownership Campaign ("HOC") with the corresponding stamp-duty waivers until end-May 2021, with plans for a further extension until end-2021. The Short-Term Economic Recovery Plan (PENJANA) implemented by the Government also includes multiple incentives such as the exemption for real property gains tax and uplifting of the 70% margin of financing limit for third residential properties to propel the industry going forward. Coupled with Bank Negara's decision in March 2021 to maintain the overnight policy rate at 1.75%, we are optimistic that the low interest rates will help spur residential property sales in the near future.

On the construction front, the Finance Ministry expects the construction industry to bounce back with a 13.9% growth in 2021, as major infrastructure and affordable housing projects are revived and accelerated to meet the stipulated deadlines.

We believe that OCR remains on a firm footing with its healthy orderbook and unbilled sales totaling RM360.0 million as at end-2020, which will provide solid earnings visibility until FY2023.

Moving forward, the Group intends to implement its three-pronged strategy to reach a new plane of growth in FY2021.

Firstly, we will continue introducing innovative concepts to differentiate ourselves against our peers.

Secondly, to expand our geographical foothold in upand- coming hotspots in Malaysia, we will be actively exploring land banking opportunities and acquiring potential value-accretive companies.

Thirdly, we aim to reinforce our steady recurring income stream through provision of project management consultation services for the Pahang portion of ECRL.

These strategies will be elaborated further in the Management Discussion and Analysis section in this Annual Report.

APPRECIATION

I would like to extend my sincerest appreciation to the Board, Key Senior management, and all our employees for your commitment towards the Group's aspirations. The success we enjoy today was made possible by your effort, good work ethic, and dedication.

I would also like to express the Board's gratitude to our customers, business partners, associates, suppliers, and valued shareholders for your continuous support for OCR. Thanks to you, we are one step closer to reaching our aspiration of being a leading niche, innovative and integrated real estate player in Malaysia.

Thank you for standing together with us during this extremely challenging period. As we continue to strive to reach greater heights, innovate and deliver values to all our stakeholders, I am optimistic that FY2021 will mark the beginning of a better and brighter future for all.

Sincerely,
YAM Tunku Azudinshah Ibni Tunku Annuar
Chairman

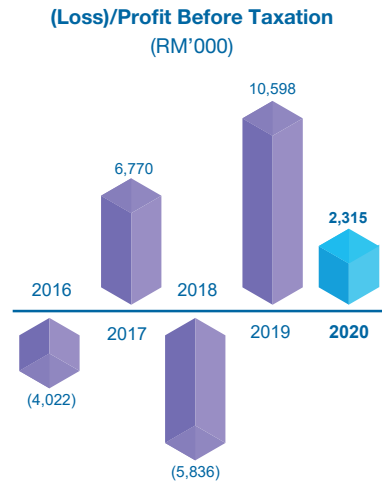
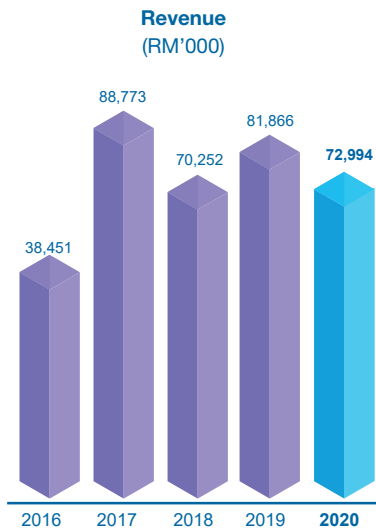
FIVE YEARS FINANCIAL HIGHLIGHTS

		FY16 1 Aug 2015 to 31 July 2016	FY17 1 Aug 2016 to 31 July 2017	FY18 1 Aug 2017 to 31 Dec 2018*	FY19 1 Jan 2019 to 31 Dec 2019	FY20 1 Jan 2020 to 31 Dec 2020
Revenue	RM'000	38,451	88,773	70,252**	81,866	72,994
Profit/(Loss) before taxation	RM'000	(4,022)	6,770	(5,836)	10,598	2,315
Profit/(Loss) after taxation	RM'000	(4,085)	2,843	(7,330)	8,990	367
Profit/(Loss) after taxation attributable to owners of the company	RM'000	(4,092)	3,850	(7,037)	8,881	814
Non-controlling interests	RM'000	8	(1,007)	(293)	109	(447)
Total assets	RM'000	141,619	172,940	267,332	320,372	364,319
Shareholders' equity	RM'000	85,564	102,154	112,243	123,616	149,721
Net tangible asset per share	RM	0.37	0.40	0.38	0.37	0.33
Net earnings/(loss) per share	RM (sen)	(1.79)	1.50	(2.41)	2.68	0.18
Return on total assets		(0.03)	0.02	(0.03)	0.03	0.00
Return on equity		(0.05)	0.04	(0.06)	0.07	0.01

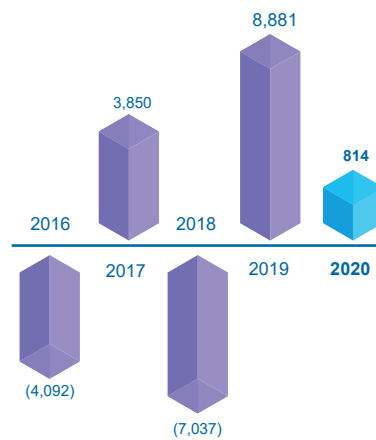
* Due to the changes in financial year end from 31 July 2018 to 31 December 2018, FY2018 refers to financial period commencing from 1 August 2017 to 31 December 2018 and hence, this is a cumulative 17-month results. As such, there are no direct comparative figures available for the preceding year corresponding period.

** In FY2018, RM25,783,000 of revenue is generated from discontinued operations which have been disposed.

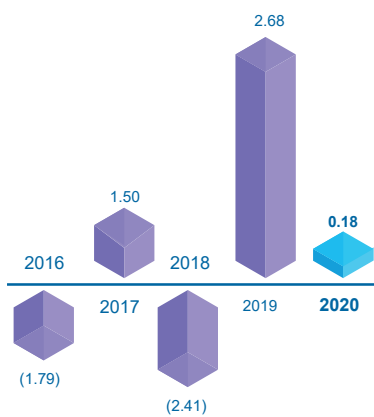
Five Years Financial Highlights (Cont'd)



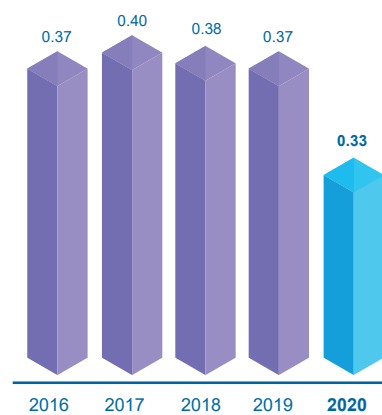
(Loss)/Profit After Taxation Attributable to Owners of the Company
(RM'000)



Net (Loss)/Earning Per Share
(RM'000)



Net Tangible Asset Per Share
(RM)



▶ THE MATE

THE MATE

DAMANSARA JAYA



Urban Living

THE CITY'S ULTIMATE CO-LIFESTYLE

EMBRACE NEW MATES WITH THE
ULTIMATE CO-LIFESTYLE EXPERIENCE
THAT DELIVERS THE FINEST WORK-LIFE

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP PROFILE

OCR Group Berhad (“OCR” or the “Group”) is involved in the property development, construction, project management consultation (“PMC”) and related businesses. It was incorporated in Malaysia on 28 July 1997 as an investment holding company and is currently listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The Group is an integrated real estate player focused on providing innovative and unique homes in Klang Valley and up-and-coming hotspots in Malaysia. The Group has since garnered over 20 years of experience in the property and construction sector. The management of OCR has completed a total of 17 projects with a cumulative GDV of more than RM1 billion to date and endeavours to play its role in enabling home ownership a reality for the mass and high-end markets nationwide.

Of the total RM73.0 million revenue, 67.0% or RM48.9 million was derived from the Group’s property development segment, while the remaining 33.0% or RM24.1 million was contributed by its construction business.

FY2020 gross profit moderated 44.6% to RM10.7 million from RM19.3 million a year ago due to the weaker revenue base and project mix.

The Group recorded higher administrative expenses in FY2020, largely due to one-off expenses incurred from the issuance of new shares and implementation of Employee Share Option Scheme. Together with the lower revenue, this resulted in profit before tax dipping to RM2.3 million in FY2020 from RM10.6 million previously.

FINANCIAL OVERVIEW

I am pleased to report that despite a tumultuous year, OCR successfully maneuvered the challenges in FY2020 to achieve a second consecutive year of profitability.

OCR reported a revenue of RM73.0 million in FY2020, largely affected by the various implementations of the Movement Control Order (“MCO”) since mid-March 2020. This caused operations at project sites to halt, resulting in slower progress billings for our property development and construction projects. Sales for our development projects were affected as well.

Despite that, OCR still maintained its second year of net profit with RM0.8 million from RM8.9 million year ago. The Group’s sustained earnings stems from our strategic decision to focus on its core expertise of property developments, construction and PMC, in turn enabling OCR to weather the challenging economic environment in FY2020.

As at 31 December 2020, the Group had three ongoing property development projects with unbilled sales of RM231.5 million, and one ongoing construction project with outstanding orderbook of RM128.5 million. There are also healthy pipelines of new launches over the next 24 months with opportunity for new property developments and construction projects. The breakdown of property development and construction projects are detailed below.

Property Development Projects

Project	Project Type	Site Area (acres)	Estimated GDV (RM'mil)
Ongoing Projects			
Isola KLCC	Residential	0.4	273.0
PRIYA Kuantan	Residential	100.0	166.0
The Mate, Damansara Jaya	Mixed Development	1.0	144.0
Planned Projects (next 24 months)			
Vertex, Kuantan City Centre	Mixed Development	2.2	268.0
Boulevard Gardens, Damansara	Residential	1.5	166.0
Tiara Bangi Homes	Landed Houses	8.7	90.0
Melaka Project	Mixed Development	1.4	206.0

Management Discussion and Analysis (Cont'd)

FINANCIAL OVERVIEW (CONT'D)

Construction Project

Project	Project Type	Site Area (acres)	Contract (RM'mil)	Value	Order Book (RM'mil)
Ongoing Project					
YOLO Signature Suites	Residential	1.7	159.6		123.6

Share Performance

Year High	RM0.450
Year Low	RM0.205
Year Close	RM0.265
Trading Volume	1,320.0 million
Market Capitalisation (as at 31 Dec 2020)	RM120.8 million

ASSETS, LIABILITIES AND EQUITY

The Group's total assets base rose to RM364.3 million as at 31 December 2020 from RM320.4 million previously on increased right-of-use assets and contract assets recorded. The rise in contract assets and lower inventories was due to higher sales of ongoing developments recorded in FY2020. Cash and cash equivalents in FY2020 also increased to RM35.6 million from RM21.5 million mainly due to the proceeds raised from the private placements since February 2020.

Total liabilities increased to RM215.6 million in FY2020 from RM197.3 million a year ago on increased trade payables and higher borrowings to fund ongoing projects.

The larger share capital from the new issuance of shares for the private placement increased shareholders' equity to RM149.7 million as at end-2020, from RM123.6 million a year ago.

Despite the increase in borrowings in FY2020, the Group's net gearing was pared down to 0.35 times from 0.47 times previously on improved cash pile and larger share capital base. This allows the Group sufficient flexibility to fund current and upcoming initiatives going forward.

CAPITAL EXPENDITURE

OCR incurred a marginal RM0.6 million in capital expenditure ("CAPEX") in FY2020. This bodes well with the Group's business strategy of undertaking joint developments to keep a lean balance sheet whilst not compromising on future growth prospects.

For FY2021, CAPEX allocated will mainly be used to maintain the Group's fleet of machinery and propel the Group to greater heights.

DIVIDEND POLICY

Amidst the challenging market environment, the Group has not established a fixed dividend policy to preserve capital to fund upcoming property developments, marketing and other expenses. This also allows the Group to expand the business for long-term growth. Delivering sustainable performance is our main priority and will benefit all parties, from management and employees to shareholders.

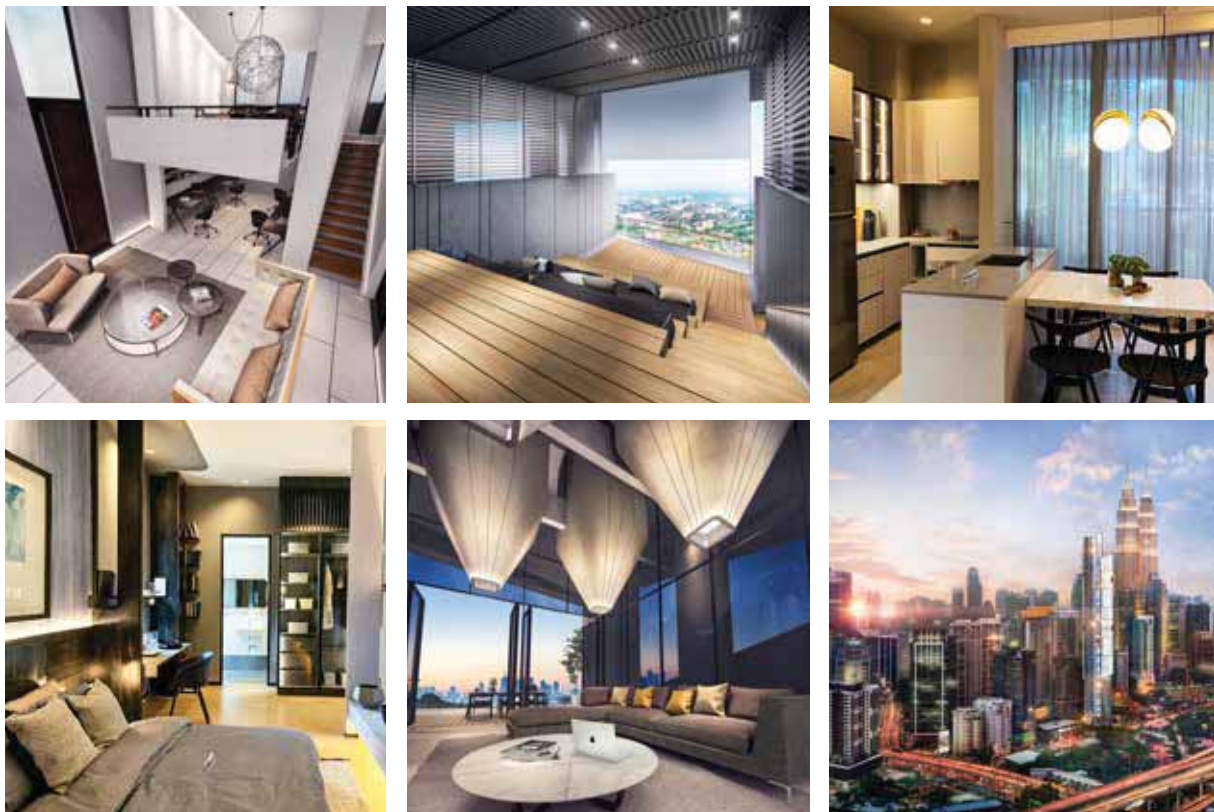
Despite not declaring any dividends in the year under review, the Board of Directors ("Board") will explore distributing dividends or other ways to reward shareholders.

Management Discussion and Analysis (Cont'd)

KEY HIGHLIGHTS

Isola KLCC

Located at the heart of Kuala Lumpur, Isola KLCC is an iconic development on a 0.4-acre land, which comprises 140 residential units. As at 31 December 2020, Isola KLCC had a take-up rate of 84.0% and is on track for completion in the first half of 2022.



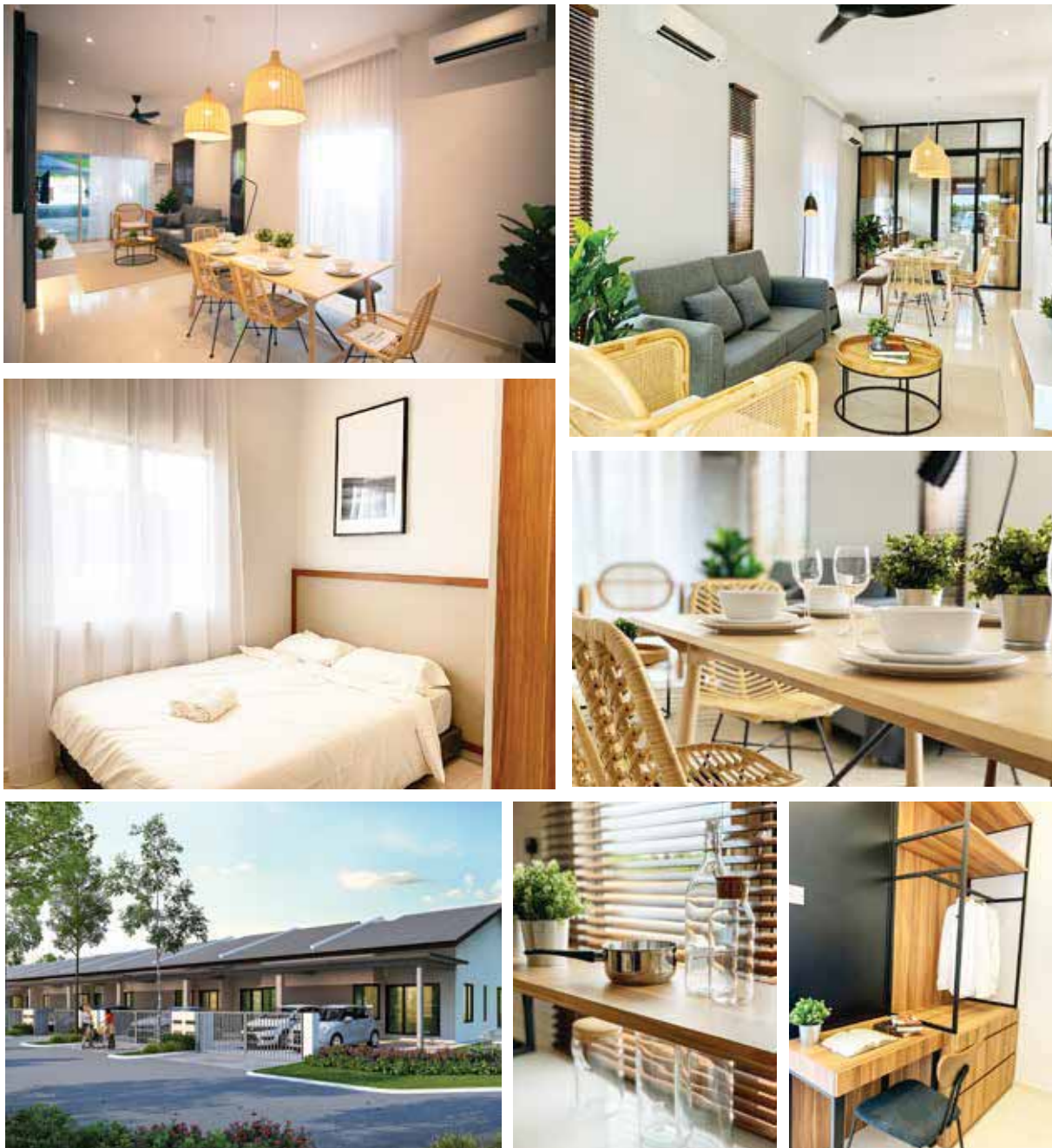
Isola KLCC show unit & artist's impression

Management Discussion and Analysis (Cont'd)

KEY HIGHLIGHTS (CONT'D)

PRIYA Kuantan

Jointly developed with Yayasan Pahang through a 50:50 joint venture, PRIYA Kuantan is the largest affordable housing scheme in Kuantan on a 100-acre leasehold land. Totalling 978 units of single-storey terrace houses and 146 units of single-storey semi-detached homes, the project is almost sold out and is expected to be completed by first half of 2022.



PRIYA Kuantan show unit & artist's impression

Management Discussion and Analysis (Cont'd)

KEY HIGHLIGHTS (CONT'D)

The Mate, Damansara Jaya

Integrated with co-living and co-working spaces, The Mate is a unique freehold development in Petaling Jaya. It was officially launched in early-2021 and was well received by the public with over 80.0% of the launched units taken up. Comprising 268 units of signature suites, this project is targeted for completion by end-2022.



The Mate show unit & artist's impression

Management Discussion and Analysis (Cont'd)

KEY HIGHLIGHTS (CONT'D)

In the next 24 months, the Group is looking to launch the following projects:

Vertex, Kuantan City Centre

Sitting on a 2.2-acre land in Kuantan and within walking distance from the renowned East Coast Mall, Stadium Darul Makmur, and the five-star Zenith Hotel, Vertex is a 70:30 joint venture with SSPP Development Sdn Bhd. The mixed development project, comprising 34 retail outlets and 2 blocks of service apartments totalling 978 units.

Boulevard Gardens, Damansara

Slated to be launched in 2022 onwards, Boulevard Gardens is a joint development on a 1.5-acre land in Damansara Jaya. The development will comprise two blocks with a total of 88 units of premium residences, equipped with comprehensive facilities including jacuzzi, gym, swimming pool, multipurpose deck and etc.

Tiara Bangi Homes

Encompassing 200 units of four-storey town villas spanning across an 8.7-acre land in Bangi, Tiara Bangi Homes is located within the locality of two universities, namely Universiti Kuala Lumpur and Universiti Kebangsaan Malaysia. The development is a 50:50 joint venture between OCR and Arra Inovasi Sdn Bhd.

Melaka Project

The Group's 1.4-acre Melaka project is located in the Central Melaka District, about 1.5km away from Melaka Chinatown, Jonker Street and Melaka Old Town. The project, consists of a hotel and a block of service apartment.

ANTICIPATED OR KNOWN RISKS

As an integrated boutique real estate player, the Group's operations are exposed to several risks. The following are amongst the key potential risks and uncertainties that may adversely impact the business, financial condition and the results of the operations:

- Low affordability of target buyers

The Department of Statistics Malaysia reported that the Malaysia's unemployment rate in the year 2020 rose to 4.5% - to its highest since 1993 - as the labour market faced an influx of new job seekers despite the unstable market sentiment. The resulting reduction in disposable income, may affect demand of property developments, as buyers opt to either defer the decision to purchase a home, or are not able to secure loans for their home purchase.

In mitigating this risk, the Group endeavours to cater to the market demand, mainly for affordable to mid-range homes, and will launch these products in a timely manner. This allows us to maximise property sales and prevent accumulation of unsold completed units, which is evident from our existing projects' take-up rates.

Furthermore, potential buyers are screened for comprehensive background and credit checks before proceeding with the loan processing to ensure that the property is within their purchasing budget. If the buyers are not able to purchase their desired properties due to misalignment with affordability or have borderline credit scores, our sales team would propose other developments within the Group's portfolio that would better suit their budget and advise them on how to improve their credit ratings to increase their chances of a loan approval. Thus, these individuals would still be able to fulfil their dreams of owning a home.

In 2020, Bank Negara Malaysia gradually reduced the overnight policy rate to 1.75% to relieve the burden of the 'rakyat', and the Home Ownership Campaign ("HOC") was reintroduced to spur property sales in Malaysia. These are plus points for potential homebuyers as the low interest rate environment would improve consumers' disposable income, whereas HOC would make owning a house more affordable.

Management Discussion and Analysis (Cont'd)

ANTICIPATED OR KNOWN RISKS (CONT'D)

- **Availability and price fluctuations of raw materials**

Apart from securing healthy sales, we also focused on pushing construction progress of our property development and construction projects. As such, our billings are subject to the timely supply and price fluctuations of raw materials such as steel, cement and other fittings. To manage the price volatility and minimize risk of non-delivery, we source essential items from multiple vendors and ahead of time. This safeguards us from any disruption in the supply chain and sudden changes to raw material prices, while ensuring availability of raw materials and protecting our bottomline.

Besides that, we strategically time the launches of our property developments to ensure we have ranging completion dates throughout the year. This not only provides us with order visibility but also helps secure predictable supply of raw material at the appropriate cost.

- **Delay of completion for property developments**

In order to prevent widespread infection of Coronavirus Disease ("COVID-19"), the Government of Malaysia implemented the MCO, which halted site works from mid-March 2020 until early-May 2020 and impacted the construction progress of our developments. We subsequently reallocated our resources during the MCO period to maintain operational efficiency. Upon the lifting of the MCO from May 2020 onwards, the Group had ramped up progress works and optimized its construction plans to make up for the lost time, while adhering to the standard operating procedures ("SOP") implemented by the Health Ministry. Our property developments were also granted an extension period under the COVID-19 Bill.

As for the implementation of MCO 2.0 from mid-February to early-March 2021, construction works were permitted to operate as long as the SOPs were complied with. Our construction sites progress was affected but was broadly manageable. The Group has learnt from the past experience to be able to cope with the uncertainties and SOPs.

GROWTH STRATEGIES

Despite ongoing challenges, the management team will implement its three-pronged approach to steer the Group onto a higher plane of growth:

- **Continue introducing innovative concepts as a mark of distinction**

The focal selling points of our development have always been their innovative concepts and unique designs. As we are a boutique integrated real estate player, we constantly strive to showcase new ideas to stand out among the larger players in the market.

Our various projects exemplify this, where Isola KLCC, being developed on a mere 0.4-acre of land, features an automated elevated parking system for vehicles, thereby adopting efficient technologies. This also allowed us to prioritize the optimization of space for homes and recreational facilities, hence providing amply-spaced homes integrated with contemporary and comfortable features.

Conversely, we took a different approach with The Mate to align with the up-and-coming gig economy, by having designated areas for co-living and co-working spaces. With studio as well as one-and-two-bedroom units, we targeted this development towards younger property buyers. Also in line with this generation's preference for convenience, we leveraged on The Mate's strategic location in the heart of Petaling Jaya, Selangor, which is just a stone's throw from 3 Damansara Shopping Mall and within amenities such as education, offices, healthcare and restaurants.

- **Exploring land-banking opportunities and potential merger and acquisition exercises**

We are always exploring opportunities to expand our revenue base via organic and inorganic growth strategies.

As at 31 December 2020, the Group's landbank held directly or through a joint venture agreement is located in Johor, Melaka, Selangor and Pahang. We are targeting to launch RM730.0 million worth of projects over the next two years and beyond, namely Vertex Kuantan City Centre, Boulevard Gardens, Tiara Bangi Homes and Melaka Project.

Management Discussion and Analysis (Cont'd)

GROWTH STRATEGIES (CONT'D)

- Exploring land-banking opportunities and potential merger and acquisition exercises (Cont'd)

As a property developer, we are always exploring opportunities to secure land in up-and-coming hotspots in Malaysia to expand our geographical footprint. This would enable us to increase our product offerings across Malaysia.

We also intend to leverage on our lean balance sheet and healthy net gearing position of 0.35 times to acquire potential value-accretive projects. This would allow us to enlarge our operations and grow our revenue base at a faster rate.

In April 2021, OCR announced the heads of agreements to acquire stakes in Stack Builder Sdn Bhd and Wonderland Projects Sdn Bhd to expand its landbank in Klang Valley. The Group aims to develop these sites within 24 months from the completion date, subject to approval from shareholders.

- **Reinforce steady and diversified income** stream with construction and PMC segments

OCR had, since 2019, taken up our role as the PMC for PRIYA Kuantan where we will be overseeing the entire affordable housing scheme and will manage the construction of over 25,000 units in the next 15 years. We intend to leverage on this experience and transfer our knowledge into undertaking a similar PMC role for the Pahang portion of the ECRL project and other potential earnings-accretive PMC opportunities.

We will continue to explore opportunities in the construction and PMC segments with established and synergistic paymasters. This includes tendering for potential projects with local or national authorities.

This bodes well with our growth strategy of building a sustainable earnings base and would accelerate our progress in building a stronger recurring income stream within our scope of operations in property development, construction and project management consultation.

Appreciation

On behalf of the Board, we extend our sincerest gratitude to the management team and staff for your collective efforts in helping OCR get through the tough times in the past year. Only through your unwavering support and constant determination are we able to rise above the storm. Together, we will continue to reach greater heights and move forward as a family.

Sincerely,

Ong Kah Hoe
Group Managing Director

SUSTAINABILITY STATEMENT

OCR Group Berhad (“OCR”, or “the Group”) is pleased to present our Sustainability Statement for the financial year ended 31 December 2020 (“FY2020”), which discloses information on OCR’s material issues along with its societal and environmental impacts and key sustainability initiatives. Stakeholders will be able to grasp a better understanding of the Group’s strategies, methodology and implementation of its sustainability efforts. This disclosure embodies the Group’s sustainability practices and progress, towards facilitating better communication, awareness and interaction between internal stakeholders and the general public.

SUSTAINABILITY GOVERNANCE

The sustainability governance structure is spearheaded by the Board of Directors (“Board”), who is responsible in overseeing the Group’s overall sustainability performance.

The Key Senior Management team led by Group Managing Director reports to the Board and is responsible for the oversight of sustainability practices, policies and procedures in improving sustainability performance.

The corporate vision and mission motivate the entire OCR team to think bigger and progress farther in achieving greater heights.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (“SDGs”) were adopted by United Nations (“UN”) Member States in 2015, as part of the 2030 Agenda for Sustainable Development. The SDGs, comprising a collection of 17 global goals, was established to be a blueprint to attain a better and more sustainable future for all global citizens.



The Group has identified 7 out of 17 UN SDGs deemed relevant to the nature of our businesses, and are supporting the goals through:

- Promoting diversity, equality, and human rights in every layer of the organization, while also fostering a safe and healthy work environment education (SDG 3, 5, 6, 10)



- Creating modern industrial spaces that contribute towards socio-economic growth through the application of construction and engineering technologies (SDG 8, 9, 11)



SUSTAINABILITY STATEMENT (Cont'd)

STAKEHOLDER ENGAGEMENT

Despite challenging economic conditions amidst the uncertain political and pandemic-influenced climate, the Group maintained its efforts to improve business sustainability and stakeholder engagement in FY2020. OCR has always ensured that it prioritises safety and an environmentally friendly work space. The management believes that sustainable success will only be attainable through collaborative efforts between the Group, its stakeholders and the community. Numerous practices have been adopted to engage stakeholders as summarised in the table below:

Stakeholder	Material Issues	Engagement	Frequency
Board	To enhance shareholders' values and financial performances	<ul style="list-style-type: none"> Board meetings Annual General Meeting General Meetings 	<ul style="list-style-type: none"> Quarterly Annually As and when required
Employees	To provide a conducive environment that promotes continuous growth and development for our people	<ul style="list-style-type: none"> Training programmes Educational programmes Occupational health and safety Safety inspections 	<ul style="list-style-type: none"> Every new recruit Monthly/As needed Yearly/As needed Monthly/As needed
Shareholders	To create sustainable values for our shareholders by consistently improving profitability and growth	<ul style="list-style-type: none"> Annual General Meeting General Meetings Media Releases Investor relations website Announcements on Bursa Malaysia 	<ul style="list-style-type: none"> Annually As and when required Regularly/As needed Regularly/As needed Regularly/As needed
Regulators/ Certification Bodies	To comply with regulations and guidelines.	<ul style="list-style-type: none"> Annual report Filings and announcements on Bursa Malaysia Dialogues with authorities 	<ul style="list-style-type: none"> Annually Regularly/As needed As and when required
Customers	<p>To achieve highest level of customer satisfaction by developing the best value properties and delivering high quality services and experiences</p> <p>To focus on customer needs and constantly improve to upscale our products & services</p>	<ul style="list-style-type: none"> Feedback channels such as emails and phone calls Website and social media Product launches and roadshows 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing
Vendors/ Suppliers	To be the preferred business partner and develop long term sustainable relationships	<ul style="list-style-type: none"> New vendor evaluation and registration Meetings Evaluation and performance improvements 	<ul style="list-style-type: none"> As and when required Ongoing/As needed Annually

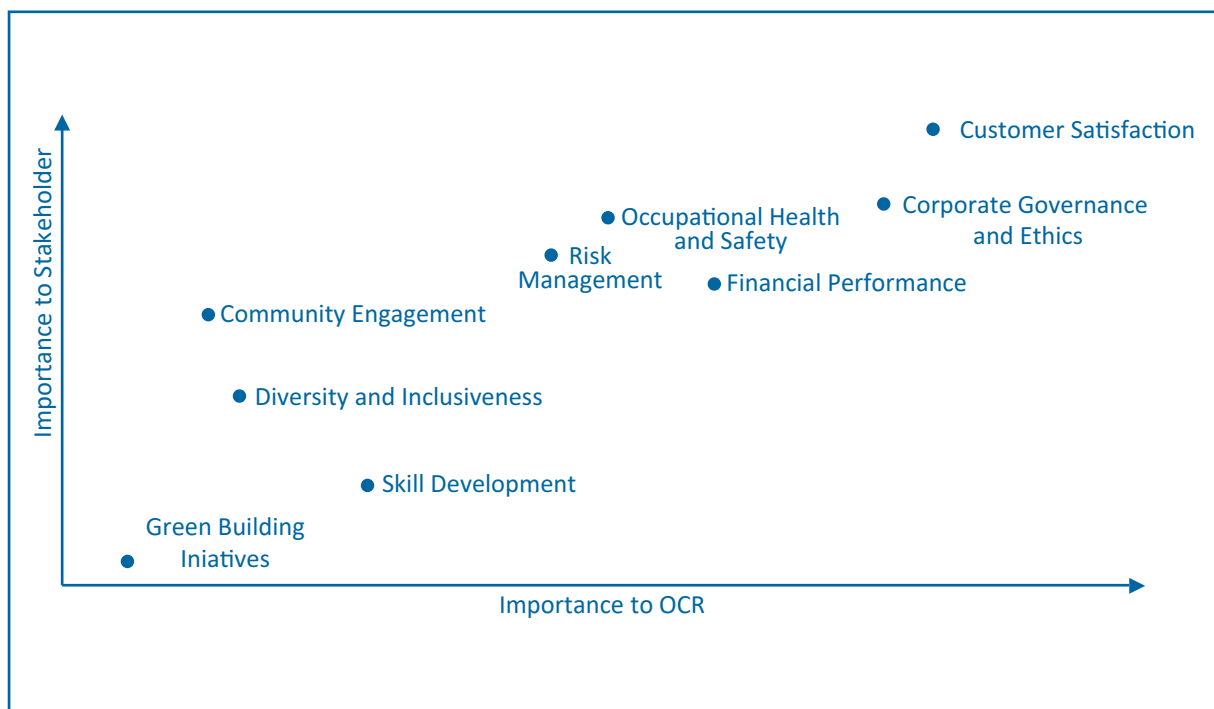
SUSTAINABILITY STATEMENT (Cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder	Material Issues	Engagement	Frequency
Local Communities	To create a sustainable future by preserving the environment and being actively involved in development of a better society	<ul style="list-style-type: none"> Community events Annual sustainability reporting 	<ul style="list-style-type: none"> As and when required Annually
Media	To enhance the Group's brand image and reputation; informing all stakeholders of corporate news	<ul style="list-style-type: none"> Interviews Press Releases 	<ul style="list-style-type: none"> As needed As needed

MATERIALITY ASSESSMENT

The matrix below demonstrates materiality assessment of material sustainability subjects to stakeholders and OCR respectively.



SUSTAINABILITY
STATEMENT (Cont'd)

ALIGNMENT TO SDGs

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
ECONOMIC			
1	Corporate Governance and Ethics	Board, Regulators, Shareholders	
2	Risk Management	Board, Shareholders	
3	Financial Performance	Board, Shareholders	 
ENVIRONMENT			
4	Green Building Initiatives	Regulators, Customers, Local Communities,	 
SOCIAL			
5	Customer Satisfaction	Customers	 
6	Occupational Health and Safety	Employees, Vendors/Suppliers, Customers	 
7	Diversity and Inclusiveness	Employees, Vendors/Suppliers, Customers	 
8	Skill Development	Employees	
9	Community Engagement	Community	 

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC

Corporate Governance and Ethics

The Group complies with the Malaysian Code on Corporate Governance when carrying out its operations. OCR also aims to be as transparent as possible in its business dealings and adhere to other policies or standard operating procedures that have been put in place.

OCR complies with Anti-Bribery and Corruption Policy to preserve its business integrity and accountability. Training on anti-bribery and corruption awareness and prevention was provided in FY2020 to ensure that our employees are aware of the negative consequences of corruption. We are pleased to announce that we recorded zero cases of misconduct in FY2020.

Documents such as the Board Charter, Whistle-blower Policy, Anti-Bribery and Corruption Policy and Terms of Reference are available to employees and the public via the Group's corporate website at www.ocrbhd.com.

Risk Management

The Group is cognizant of the fact that running business operations inherently bears some degree of risk. Therefore, OCR established the Risk Management Committee ("RMC") to review the effectiveness of the Group's risk management processes.

The RMC is chaired by the Group Managing Director together with an Independent Non-Executive Directors and a Non-Independent Non-Executive Directors. They develop risk management information in which new risks are identified, mitigation plans are formulated and changes in risk profile (if any) are noted. Risk assessment, at gross and residual level, is guided by the likelihood and impact ratings, which was established on the risk appetite approved by the Board.

The details are set out in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in this Annual Report.

Financial Performance

As part of OCR's goal to create sustainable earnings and be a leading real estate player in Malaysia, our main goal is to enhance the brand name for OCR to stand out as a unique and innovative developer. For one, we cater to all income classes in Malaysia, fulfilling the hopes and enriching the lives of all segments.

Our landmark "Luxury Living" project in Kuala Lumpur, Isola KLCC, which was launched in October 2017 is met with a commendable take up rate of 84.0% as at December 2020, while our "Urban Living" undertaking, The Mate, also well received by the public with over 80.0% of the launched units taken up as at end-2020. Meanwhile, our "Essential Living" development PRIYA Kuantan registered a stellar take-up rate of 92.0% as at end-2020 since its launch in October 2019. Evidently, the strategic launches of each product to cater to the demand of the market coupled with its unique propositions allow us to maintain sustainable financial performance in the long-term future.

In the past few years, the economic environment posed more challenges which resulted in the Group not being able to reward its shareholders via distribution of dividends in order to conserve cash for expansion plans. Nevertheless, the Group will consider various options to reward its shareholders at the appropriate time.

SUSTAINABILITY STATEMENT (Cont'd)

ENVIRONMENT

Green Building Initiatives

In the property development segment, there is rising demand for eco-friendly development projects as sustainability is a key decision criterion. Newer buildings are designed with environmentally-friendly features to prevent global warming. There are also increased provisions for adequate green spaces that promote a healthier and more sustainable lifestyle. As we target to be one of the leading integrated property developers in Malaysia, we strive to look into and incorporate green initiatives to reflect our commitment towards promoting sustainability.

We will explore to implement green building elements such as rainwater harvesting, installation of LED lightings and energy-efficient fittings as part of the design of our properties.

SOCIAL

Customer Satisfaction

As homes are large ticket items crucial to society's wellbeing, we place a priority on ensuring our customers are being regularly updated on progress updates of existing projects. We also inform our target markets on upcoming project launches through our websites, social media and advertisements.

OCR values customer feedback as it allows the Group to improve its deliverables and rectify problems raised by customers in an efficient manner. At pre-sales level, we receive registration forms from potential customers on their preferred property price range and type. Throughout the construction period, the Group has various systems and processes in place to ensure customers are updated on the construction progress. Any queries are resolved efficiently. At the end of the project, we will also gather feedback from our customers on the overall product quality and workmanship, as a means to build rapport and achieve long term business sustainability.

Going forward, we will continue to innovate and bring new designs as well as additional value proposition to our customers, while engaging customers on a more personal basis. Through these, we hope to enhance brand awareness and customer loyalty.

Occupational Health and Safety

OCR is committed in prioritizing health and safety of its employees at the workplace by creating a safe and conducive environment for all. In this respect, OCR adheres strictly to Occupational Safety and Health Act, 1994 ("OSHA 1994") and the Occupational Health and Safety Assessment Series ("OHSAS 18001").

To manage occupational health and safety issues in addition to ensuring environmental compliance at worksites, we establish a safety and health committee in every project site. This committee comprises project management personnel and site managers from a team of consultants and contractors.

Site managers are responsible of conducting daily inspections with the qualified safety and health officer of the project site. This is to ensure all identified safety measures have been properly implemented. Construction site workers are required to attend safety training on a timely basis. Fogging, pest control and sanitization works are also regularly carried out at the construction site to prevent any virus outbreak.

The appointed health and safety officer will be tasked to prepare monthly reports detailing the status of health and safety issues at the site including manhours lost due to injuries. The officer is also responsible for the coordination of safety programmes to promote a safe and healthy working culture.

We are pleased to report that in FY2020, no major accidents occurred in any of the Group's construction sites.

Other than that, to prevent the spread of COVID-19, we ensure all our staff adhere to the standard operating procedures implemented by the Ministry of Health. These include staggered working arrangements in the office over time, physical distancing at all times, wearing of masks is compulsory, regular temperature scan & health declarations and ready supply of sanitisers. We have also set up an emergency response team in the event an employees work from home ("WFH") arrangements is contracted with COVID-19.

SUSTAINABILITY
STATEMENT (Cont'd)

SOCIAL (CONT'D)

Diversity and Inclusiveness

At OCR, we strongly promote diversity, inclusivity and equality regardless of gender, race and sexual orientation to encourage different groups of people to build positive relationships at the workplace. Diversity also ensures that the Group has the requisite variety of skillsets and understanding to effectively serve our stakeholders, both internal and external.

All employees are entitled to the same benefits with different coverage limits depending on their respective job grades. Benefits include medical, dental, optical, life and personal accident insurance and travelling allowance.

Not only do we also encourage diversity at our workplace, but also at our property developments. For instance, The Mate project has a level for co-living and co-working spaces. We do not discriminate against any race, religion or sexual orientation when sourcing for potential tenants.

Skill Development

Our employees are the foundation of OCR's success. The Group is committed to create opportunities for our employees to grow and develop their skillsets. We encourage our staff to reach their fullest potential to perform their roles effectively.

Our Human Capital department encourages each staff to disclose annual training needs in the Staff Appraisal Form. This approach can help our Human Capital department to identify the relevant training programmes and courses to upskill our workforce. Our training methods include internal knowledge sharing and external trainings.

The table below presents our training programmes in FY2020:

Training Programmes	Internal Knowledge Sharing	External Consultant
New Office Concept - Co-Working	X	
Introduction on Property Management and Developer Duties	X	
Difference Between RSKU 2.0 and RSKU 1.0	X	
Introduction to Computer Security	X	
Anti-Bribery & Anti Corruption (ABAC) Framework Implementation Programme		X
Reducing Manpower Cost		X
QLASSIC Awareness		X
Code of Ethics In The Construction Industry		X

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (CONT'D)

Community Engagement

OCR is committed in enhancing the lives of communities in regions where we operate. We frequently collaborate with communities to resolve any issues that may arise and take note of feedback to improve our future projects.

On 23 April 2020, OCR donated 20,000 pieces of three-ply masks to the Malaysian Armed Forces as a symbol of appreciation for their service in maintaining social order during the COVID-19 pandemic. OCR also distributed groceries to vulnerable local communities to help nourish the families that were financially affected during the Movement Control Order.



Aligning to the Government's plans to promote more "Essential Living" homes to the people of Malaysia, OCR worked closely with Yayasan Pahang through a joint venture arrangement to develop PRIYA Kuantan, the largest affordable housing scheme in Kuantan. Located in Kuantan, Pahang, the project encompasses nine hundred and seventy-eight (978) units of single-storey terrace houses and one hundred and forty-six (146) units of single-storey semi-detached homes. We are exploring and look forward to launch more "Essential Living" homes especially in the state of Pahang and Selangor in the near future.

CONCLUSION

Although 2020 has brought on unprecedented adversities, we took them as an opportunity to realign and redesign the measures in which we operate to make it through the 'new normal'. Facing challenges head-on, OCR rose to the occasion and implemented initiatives that have yielded favourable results for the Group. With the continuous support of our investors and stakeholders, we are confident that we will strive to make greater progress towards building a more sustainable future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of OCR Group Berhad (“the Company” or “OCR”) remains committed in maintaining the adequate standards of Corporate Governance (“CG”) within the Company and its subsidiaries (“the Group”). The Group adheres to the principles and best practices of CG, through observing and practising the core values of the Malaysian Code on Corporate Governance 2017 (“MCCG”) and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (“Bursa Securities”). The commitment from the Board paves the way for the management team and all employees in ensuring the Company’s businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board is pleased to present an overview on the application of the principles as set out in the MCCG and the extent to which the Group has complied with the following three (3) key principles of the MCCG during the financial year ended 31 December 2020 (“FY2020”):

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and is to be read together with the Corporate Governance Report (“CG Report”) as published in the Company’s website at www.ocrbhd.com. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during FY2020.

1. BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Leadership

a. Functions of the Board and Management

The Board is responsible for the performance and affairs of the Group and provides leadership and guidance in incorporating the Group’s strategic decisions.

The Board has delegated the day-to-day business of Group to the Group Managing Director (“Group MD”). The Group MD manages the Group in accordance with the strategies and policies approved by the Board. He also guides the management of OCR’s subsidiary companies in implementing decisions on the business operations, resources and the associated risks involved while pursuing the corporate objectives of the Group.

The Group MD is supported by the Key Senior Management for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute business strategies and plans entrusted to them. The Key Senior Management highlights to the Group MD the significant operational issues and concerns raised from the normal business operations and the progress of the key initiatives undertaken by them. The Group MD and Key Senior Management meet regularly to review and monitor the performance of the Group’s operations and during Board meetings. The Group MD then reports and updates the Board on the Group’s business operations. The Key Senior Management analyses the financial results and discusses on various operational issues and factors that affected the Group’s operations. Instructions are given by the Board to the Key Senior Management to take necessary actions to rectify problems faced and preventive actions to avoid recurrence of similar problems in the future.

Non-Executive Directors are not involved in the day-to-day management of the Group but contribute by utilising their expertise and experience in the development of the Group’s overall business strategy. Their participation as members of various Board Committees of the Company also contributes towards the enhancing the Group’s CG.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

b. Board Roles and Responsibilities

The responsibilities of the Board are stated in the Board Charter, which is available on the Company's website at www.ocrbhd.com.

Broadly, the Board of the Company assumes the following principal roles and responsibilities in discharging its fiduciary duties:

- Maintaining good CG standards;
- Formulating a strategic plan for the Company and tailoring the same from time to time by taking practical and realistic approaches;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- Reviewing the adequacy and integrity of the Company's internal control systems for compliance with applicable laws, regulations, rules and guidelines.

The Board establishes various Board Committees to assist in carrying out its duties and responsibilities. These Board Committees include the Audit Committee, Nominating Committee, Option Committee, Remuneration Committee and Risk Management Committee. Each of these Board Committees operate within its respective Terms of Reference and report to the Board on matters considered and their recommendations thereon.

The Board may form other committees from time to time to promote operational efficiency. Notwithstanding these committees, the ultimate responsibility for decision still lies with the Board.

c. Ethical Leadership by the Board

Standard Ethical Codes of Conduct for Directors

The Board will continue to adhere to the "Code of Ethics for Company Directors" established by the Companies Commission of Malaysia which is based on the following principles:

- Compliance with legal and regulatory requirements and Group policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Group;
- Upholding of honesty and integrity;
- Ensuring no conflict of interest;
- Adherence to no-profit rule; and
- Maintenance of relationships with stakeholders.

Key elements of its Code of Conduct are set out in the Group's Board Charter, a copy of which is available on the Company's website at www.ocrbhd.com.

Whistle-blower Policy

The Board has formed a Whistle-blower Policy which sets out the principle and grievance procedures for all stakeholders (including but not limited to, employees, customers, suppliers, government bodies and financial institutions) to raise genuine concerns of possible improprieties perpetrated with the Group. The same information is on the Company's website at www.ocrbhd.com.

Whistle-blowers can address their concerns to the Audit Committee Chairman through his email at juliankoh@ocrbhd.com.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

d. The Role of Chairman and Group MD

The positions of Chairman and Group MD of the Company are held by different individuals with distinct and separate roles to enhance governance and transparency. This is to ensure no individual has unfettered powers of decision-making and to comply with good principles of CG.

The Chairman leads and manages the Board by focusing on strategy, governance and compliance.

The Chairman's responsibilities include the following:

- Represent the Board to shareholders;
- Provide Board leadership on policy formation and decision-making;
- Oversee and maintain regular dialogue with the Group MD;
- Ensure the integrity and effectiveness of the governance process of the Board;
- Ensure that management proposals are deliberated and examined by the Board, taking into account stakeholders' interests;
- Conduct and facilitate meetings of the Board to ensure that appropriate discussions take place and that relevant opinions among Board members are forthcoming; and
- Organise information necessary for the Board to deal with the agenda and ensure that Directors have full and timely access to information.

The Group MD has overall responsibility for the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. The Group MD also functions as the intermediary between the Board and the Key Senior Management in that he ensures the Board's decisions are carried out by the Key Senior Management.

e. Strategies Promoting Sustainability

The Board views the commitment to promote sustainability strategies in the economics, environment and social aspects as part of its broader responsibility to all its stakeholders and the communities in which it operates. The Group will continue to ramp up its effort in promoting sustainable initiatives for the communities in which it operates, its various stakeholders and the welfare of its employees. The details of the sustainability activities are set out in the Sustainability Statement on pages 27 to 34 of this Annual Report.

f. Qualified and Competent Company Secretary

In compliance with MCGG, the Board is supported by a team of qualified and competent Company Secretary. The Company Secretary is member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretary pursuant to Section 235(2) of the Companies Act 2016 ("the Act").

The Company Secretary is responsible for providing support and guidance in advising the Board on all secretarial matters of the Company. These include compliance with Bursa Malaysia's MMLR and ensuring the Board is updated on the latest improvements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

The Board has recorded their satisfaction with the performance and support rendered by the Company Secretary to the Board in discharging their functions for FY2020.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

g. Directors' Training

Each member of the Board of OCR is encouraged to regularly undergo suitable training programmes to keep themselves abreast of the latest policies and regulations implemented. The need to regularly attend appropriate training is in line with Paragraph 15.08(3) of Bursa Malaysia's MMLR.

The Board members are given the liberty to determine the relevant types of training needed for their personal development. They are encouraged to attend talks and seminars organised by Bursa Malaysia that are tailored to Directors and management.

The Company Secretary regularly update the Board on relevant guidelines on statutory and regulatory requirements from time to time, and briefs the Board on a quarterly basis, where applicable, at Board meetings. During the financial year under review, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards ("MFRS") that would affect the Group's financial statements .

The Nominating Committee of the Board assesses the training requirements of each Director on annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the Nominating Committee was satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

During FY2020, the seminars, forums, conferences and training programmes attended by each Director were as follows:

Directors	Seminars/Forums/Conferences/ Trainings Attended	Date
YAM Tunku Azudinhah Ibni Tunku Annuar	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Ong Kah Hoe	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Hj. Abdullah Bin Abdul Rahman	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Lee Chin Cheh	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired)	<ul style="list-style-type: none"> • Crisis Management for Leaders – "COVID-19 as a Novel Event and Risk Management Framework" (Webinar) by Harvard Business School • Stakeholder Engagement – "Stakeholder Primacy: Increased Emphasis on ESG" (Webinar) by Institute of Corporate Director of Malaysia ("ICDM") • Digitalisation - "Review Competitive Strategies using AI: A Board's Perspective" (Webinar) by Institute of Corporate Director of Malaysia ("ICDM") • Cybersecurity Considerations Amid A Global Pandemic" (Webinar) by Institute of Corporate Director of Malaysia ("ICDM") • Fraud Risk Management Bursa Workshop by Bursa Malaysia 	<ul style="list-style-type: none"> • 24 Mar 2020 • 6 Apr 2020 • 7 Apr 2020 • 13 Apr 2020 • 1 Dec 2020

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1 Board Leadership (Cont'd)

g. Directors' Training (Cont'd)

Directors	Seminars/Forums/Conferences/ Trainings Attended	Date
Julian Koh Lu Ern	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Chong Min Shih	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020
Dato' Haji Mohd Fakrunizam Bin Ibrahim	• Anti-Bribery & Anti-Corruption ("ABAC") by Tay & Partners	• 27 Feb 2020

h. Board Charter

The objective of the Group's Board Charter is to provide guidance and establish the guidelines on the manner in which the Board's constitutional powers and responsibilities will be exercised and discharged. The Group's Board Charter outlines the core principles of corporate governance to which the Group adopts and each Director or the Directors collectively, as the case may be, should strive for.

The Board reviews its Charter periodically to ensure it remains relevant and consistent with the Board's objectives and responsibilities as well as the prevailing standards of corporate governance. A copy of the Board Charter is made available on OCR's website at www.ocrbhd.com.

1.2 Board Dynamics

a. Board Composition

The current composition of the Board of OCR provides an adequate mix of knowledge, skills and expertise to assist the Board in effectively discharging its stewardship and responsibilities. It also appropriately reflects the interest of its shareholders in providing effective leadership, strategic direction and necessary governance to the Group.

There are eight (8) Directors on the Board of OCR where six (6) are Independent Non-Executive Directors, whereas the remaining comprises a Non-Independent Non-Executive Director and the Group Managing Director, whom is a Non-Independent Executive Director. A list of the entire OCR Board and their profiles are respectively set out on pages 5 to 8 of this Annual Report.

b. Board Meetings

The Board meets at least on quarterly basis and additional meetings are held as and when necessary.

Dates of all Board and Board Committee meetings for FY2020 are unanimously decided prior to the start of calendar year. This is to enable the Directors to achieve full attendance at all meetings of the Company and to comply with the MMLR of Bursa Malaysia which provides that the office of a director will become vacant if the director is absent from more than 50% of the total Board meetings held during a financial year.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

b. Board Meetings (Cont'd)

Board meetings are conducted in accordance with a structured formal agenda prepared by the Company Secretaries in consultation with the management. The notice and agenda for a Board meeting is transmitted to each Board member at least seven (7) days in advance of the meeting followed with soft copies of the relevant Board Papers. The Board Papers contain information pertinent to the matters to be deliberated at the forthcoming meeting and any other information the Directors may additionally require on the agenda items, to reach the Directors before the scheduled meeting.

Meeting agendas, while not exhaustive, include review and updates of the Group's latest developments, quarterly financial performance, business plans, strategic decisions, major investments, findings from both the External and Internal Auditors and any other proposals or other significant matters that require the expeditious direction of the Board. This involves deliberations on any principal risks that may have significant impact on the Group's business or its financial position and the mitigating factors when assessing the viability of business propositions and corporate proposals.

The Directors have a duty to immediately declare to the Board should they have any direct or indirect interest in transactions to enter into by the Company or the Group. The interested Directors would serve notice to the Board and thereupon, abstain from deliberations and decisions of the Board on the transaction concerned. They would be encouraged to excuse themselves from the meeting to facilitate a more thorough discussion.

During FY2020, a total of five (5) Board meetings were held and the attendance of each Director is set out here in below:

Directors	Attendance
YAM Tunku Azudinshah Ibni Tunku Annuar	5/5
Ong Kah Hoe	5/5
Lee Chin Cheh	4/5
Hj. Abdullah Bin Abdul Rahman	5/5
Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired)	5/5
Chong Min Shih	5/5
Julian Koh Lu Ern	5/5
Dato' Haji Mohd Fakrunizam Bin Ibrahim	4/5

Besides the Company Secretary, the Chief Financial Officer and Managers of Finance Department of the Company attended each Board meeting, as well as every Audit Committee meeting, on the standing invitation of the Board during the FY2020. Other Key Senior Management may be invited to attend certain meetings if so required.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.2 Board Dynamics (Cont'd)

c. Independent Directors

The composition of the Board of OCR complies with the requirement of Bursa Malaysia's MMLR which stipulates that at least two (2) members or one-third (1/3) of the Board of Directors of a listed issuer, whichever is the higher, must be independent directors. Currently, six (6) out of eight (8) Directors are Independent Directors.

The annual appraisal of the contribution of the Board, Board Committees and individual Directors were conducted via the Company's pre-set appraisal form. Consideration was also given to that Directors' ability to commit sufficient time and energy to perform his or her roles and responsibilities and his or her ability to satisfy the test of independence taking into account his or her character, integrity and professionalism.

At the annual assessment carried out on 9 March 2021, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and it will continue to conduct independence assessment annually with the assistance of the Committee. This is to ensure that the Independent Directors are able to exercise independent judgement and act in the best interests of the Group.

d. Tenure of Independent Directors

As at the date of this CG Overview Statement, none of the Independent Non-Executive Directors have served for a cumulative term of more than nine (9) years on the Board as Independent Non-Executive Directors.

Policy of Tenure of Independent Directors

As at the date of this CG Overview Statement, the Board has yet to adopt a policy at limiting the tenure of Independent Directors. Nevertheless, the Company took note on the recommendation by MCCG, that the tenure of an Independent Director should not exceed cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Board intends to retain such Director as an Independent Director after the latter has served a cumulative term limit of nine (9) years, the Board would justify the decision and seek shareholders' approval at a general meeting. If the Board continues to retain the Independent Director after twelfth (12) years, the Board would seek annual shareholders' approval through a two-tier voting process.

1.3 Nominating Committee

The Nominating Committee of OCR consists of three (3) members, two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Committee is chaired by YAM Tunku Azudinshah Ibni Tunku Annuar, an Independent Non-Executive Director, in line with Practice 4.7 of MCCG.

Members

1. YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman/Independent Non-Executive Director)
2. Hj. Abdullah Bin Abdul Rahman (Member/Independent Non-Executive Director)
3. Lee Chin Cheh (Member/Non-Independent Non-Executive Director)

The roles and responsibilities of the Nominating Committee are governed by its Terms of Reference and the Board Charter of the Company. Copies for the respective policies can be retrieved at Company's website at www.ocrbhd.com.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

The key role of the Nominating Committee is to ensure:

- A formal and transparent procedure for the selection and assessment of candidates for Board appointments;
- Assessment of the effectiveness of the Board and its Board Committees as a whole and the contribution of the Individual Director on an annual basis; and
- The Board composition meets the needs of the Company.

In fulfilling its roles, the Nominating Committee reviews and assesses candidates proposed for appointment to the Board and Board Committees of the Company as well as the Directors standing for re-election at the Annual General Meeting ("AGM") of the Company after which their recommendations are forwarded for decision by the Board.

The Nominating Committee also assesses the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each Individual Director on an annual basis. This ensures that the Board and its respective Board Committees have the appropriate balance of expertise and experience to steer the Group to greater heights.

The Nominating Committee adopts the self-evaluation method to evaluate the performance of the Directors of the Company. An annual review is conducted to determine the required mix of skills, experience and core competencies which the Executive and Non-Executive Directors of the Company should bring to the Board, identify areas for improvement and review the succession plan for Key Senior Management in the Group.

During FY2020, the following activities were undertaken by the Nominating Committee:

- (i) Reviewed the size and composition of the Board of OCR;
- (ii) Reviewed the required mix of skills, experience and other qualities including core competencies of the Non-Executive Directors and Executive Directors of the Company;
- (iii) Reviewed the effectiveness of the Board as a whole, as well as the contribution of each individual Director and Committees of the Board;
- (iv) Reviewed the performance of the Chief Financial Officer in discharging his role;
- (v) Reviewed the re-election of Directors at the Company's AGM;
- (vi) Reviewed the appointment of Ms Chong Min Shih, Mr Julian Koh Lu Ern and Dato' Haji Mohd Fakrunizam Bin Ibrahim;
- (vii) Reviewed the term of office and performance of Audit Committee members to determine whether its members have carried out their duties in accordance with the term of reference;
- (viii) Assessed the training programmes attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends; and
- (ix) Assessed the independence of the Independent Directors of the Company.

a. Diversity of Board and Senior Management

The Board acknowledges the importance and benefits of boardroom diversity in terms of age, gender, nationality, ethnicity, and socio-economic background. The Board views that while promoting boardroom diversity is essential, the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the Board should remain as its first priority.

The Company has not set specific policies on gender diversity in boardroom but will work towards achieving the appropriate boardroom diversity. Currently there is one (1) female Director, Ms. Chong Min Shih who was appointed as Independent Non-Executive Director of the Company on 10 February 2020.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.3 Nominating Committee (Cont'd)

b. Appointment to the Board

The proposed appointment of a new member to the Board will be deliberated by the full Board based upon the recommendation of the Nominating Committee.

Before any recommendation made to the Board, the Nominating Committee will evaluate a candidate by considering the following:

- Skills, knowledge, expertise and experience;
- Character, integrity, professionalism;
- Competence and time to effectively discharge his or her role; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability and commitment to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

c. Re-election of Directors

In accordance with the Constitution of the Company, all Directors, including the Group MD, shall retire from office at least once every three (3) years and all retiring Directors shall be eligible for re-election at the AGM in which they retire. A retiring Directors shall remain in office until the close of the meeting at which he/she retires.

The Constitution further provides that Directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election by the shareholders at the AGM of the Company to be held following the new Directors' appointment.

On 9 March 2021, the Nominating Committee had reviewed and recommended the re-election of the following Directors who are retiring pursuant to the Company's Constitution, and being eligible, offered themselves for re-election:

- Hj. Abdullah Bin Abdul Rahman
- Lee Chin Cheh
- Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired)

d. Succession Planning

Succession planning for Executive Director and Key Senior Management positions of the Group is closely planned and aligned to the Company's policy.

Candidates will be screened and assessed by OCR in accordance with their experience, profession and familiarity with relevant industries.

Candidates for Board positions will be subjected to assessment by the Nominating Committee of the Company before a recommendation is tabled to the Board for decision.

The second liners for all Key Senior Management posts in the Group's organisation chart have been identified and will be revealed at the appropriate time.

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4 Remuneration Committee

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors.

For this purpose, the primary function of the Remuneration Committee of the Company is to set up the policy framework to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration packages of Executive Directors are determined at levels which allow the Company to attract and retain candidates with the relevant experience and expertise to manage the business of the Group effectively.

Determination of the remuneration of the Non-Executive Directors is decided by the Board as a whole, and not by the Remuneration Committee, with the Directors concerned abstaining from the deliberations and voting on decisions in respect of his or her individual remuneration package. The Board will then recommend on a yearly basis the Directors' fees of its Non-Executive Directors to the shareholders for approval at the AGM.

The composition of the Remuneration Committee as follows:

1. YAM Tunku Azudinsah Ibni Tunku Annuar (Chairman/Independent Non-Executive Director)
2. Ong Kah Hoe (Member/Group MD)
3. Chong Min Shih (Member/Independent Non-Executive Director)

For FY2020, the fees and remuneration packages of the Executive Directors and Non-Executive Directors of the Company are as follows:

Remuneration of Executive and Non-Executive Directors

	Directors' Fee (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Director				
Ong Kah Hoe	-	587.50	71.42	658.92
Non-Executive Directors				
Tunku Azudinsah Ibni Tunku Annuar	35.25	-	0.40	35.65
Hj. Abdullah Bin Abdul Rahman	35.25	-	0.20	35.45
Lee Chin Cheh	35.25	-	-	35.25
Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired)	35.25	-	0.40	35.65
Chong Min Shih	31.32	-	0.10	31.42
Julian Koh Lu Ern	30.49	-	0.20	30.69
Dato' Haji Mohd Fakrunizam Bin Ibrahim	30.18	-	-	30.18
Lim Tek Seng (Resigned w.e.f. 13 January 2020)	1.00	-	-	1.00
Dato' Lim Heng Ee (Resigned w.e.f. 18 February 2020)	3.00	-	-	3.00

Corporate Governance Overview Statement (Cont'd)

1. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.4 Remuneration Committee (Cont'd)

The MCCG also recommended the Board to disclose on named basis the top five (5) senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000. However, the Board is of the view that due to the highly competitive nature of the human resource market, the top five (5) senior management's aggregate remuneration suffice to be set out as follows:

	Salaries and bonuses (RM'000)	Other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Total top five (5) senior management	1,658.78	189.01	3.82	1,851.61

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Establishment and Effectiveness of the Audit Committee

a. Audit Committee

The Audit Committee of OCR consists of three (3) Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Julian Koh Lu Ern, in line with Practice 8.1 of MCCG.

The main purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to the internal controls, related party transactions, accounting and reporting practices of the Group.

The report of the Audit Committee, its salient Terms of Reference, the list of Committee members and its activities during FY2020 are set out on pages 52 to 54 of this Annual Report.

A copy of the Terms of Reference of the Audit Committee is available on the Company's website at www.ocrbhd.com.

2.2 Roles and Responsibilities of the Audit Committee

a. Oversight of Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, including its position and future prospects through the issuance of the Annual Audited Financial Statements, Quarterly Financial Reports and Corporate Announcements on significant developments affecting the Company in accordance with the MMLR.

The Chairman of Audit Committee, Mr. Julian Koh Lu Ern, an Independent Non-Executive Director of the Company, has more than thirty-five (35) years of experience in the fields of strategic planning, human resources, accounting, corporate finance, risk management, managing and controlling information system, taxation and funding in diversified industries including advertising, property development, stockbroking and fund management.

Corporate Governance Overview Statement (Cont'd)

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee (Cont'd)

a. Oversight of Financial Reporting (Cont'd)

As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Chief Financial Officer provides assurance to the Audit Committee on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Condensed Consolidated Financial Statements ("CCFS") and Annual Financial Statements ("AFS") were appropriate and that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS; that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, International Financial Reporting Standards and MMLR; and that the CCFS and AFS did not contain material misstatement and gave a true and fair view of the financial position of the Group and the respective companies within the Group in 2020.

In addition, the outsourced Internal Audit Function of the Company undertakes independent assessments of the internal control systems of the Group based on the areas of coverage and approved internal audit plan. Furthermore, the outsourced Internal Auditors reported their findings to the Audit Committee at the scheduled interval meeting as per approved in the internal audit plan. Throughout FY2020, the outsourced Internal Auditors had their internal audit report and follow up report state the internal audit observations at material times in respect to the respective scope of internal audit coverages approved as per internal audit plan (with the potential risks and implications identified), which required the management and the Audit Committee's attention. Therefore, there are no other material issues or major deficiencies (apart from the internal audit observations during material times with respect to the scope of internal audit coverages approved as per internal audit plan) that were noted which would pose a high risk to business processes under review at respective material times. The outsourced Internal Auditors had sent their employees to conduct audit reviews and highlighted their audit findings to the management and the Audit Committee.

For FY2020, two (2) internal audit report were tabled for Audit Committee's review.

Premised on the above, the Board considers that it has provided a fair, balanced and representative assessment of the Company's and the Group's business in its quarterly results and annual financial statements.

The financial statements of the Company and the Group for FY2020 are set out on pages 74 to 170 of this Annual Report and a statement by the Board of its responsibilities in preparing the financial statements is on page 59.

b. Related Party Transactions

An internal compliance framework exists to ensure the Group meets its obligations relating to the related party transactions under the Bursa Malaysia's MMLR. The Board, through the Audit Committee, reviews all material related party transactions involved.

In the event a corporate proposal is required to be approved by shareholders, the Interested Directors, Interested Major Shareholders, and person(s) connected to them would abstain from voting in respect of their shareholdings relating to that corporate proposal.

Corporate Governance Overview Statement (Cont'd)

2. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2.2 Roles and Responsibilities of the Audit Committee (Cont'd)

c. Risk Management and Internal Control

The Board regards risk management and internal controls as an integral part of the overall management process. The Board assumes the responsibility in establishing a risk management framework as well as maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations. This is not only limited to financial aspects of the business but also operational and regulatory compliance. The ultimate objectives of sound risk management are to protect the Group's assets and safeguard shareholders' investments.

An overview of the risk management and internal controls within the Group is set out in the Statement on Risk Management and Internal Control on pages 55 to 58 of this Annual Report.

d. Internal Audit Control

The Group has outsourced its internal audit function to external consultants, which reports directly to the Audit Committee in respect of the adequacy of the Group's internal control and risk management systems. A summary of activities conducted by the internal audit function as well as the costs incurred in carrying out the function in respect of the financial year under review were set out in the Audit Committee Report on pages 52 to 54 of this Annual Report.

e. Assessment on Suitability and Independence of External Auditors

The Audit Committee performs a yearly assessment of the suitability and independence of the External Auditors before making recommendation to the Board for the appointment or reappointment of the External Auditors.

The Audit Committee takes the following into consideration:

- The adequacy of the experience and resources of the External Auditors;
- The nature of the non-audit services and the fees payable for such services; and
- The level of independence of the External Auditors.

An assessment on the independence of the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT (AF 0117) of Baker Tilly Tower, Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, was carried out on 6 May 2021. The Audit Committee was satisfied with the results of the aforesaid assessment. The Audit Committee was unanimous in their decision to recommend to the Board the appointment of Messrs. Baker Tilly Monteiro Heng PLT as the auditors of the Company for the financial year ending 31 December 2021.

The Board having received the recommendation from Audit Committee, were in consensus to recommend the shareholders' approval at the Company's forthcoming 23rd AGM that Messrs. Baker Tilly Monteiro Heng PLT will be hereby re-appointed as External Auditors of the Company for the financial year ending 31 December 2021, with the remuneration and terms to be agreed upon by the Company.

Corporate Governance Overview Statement (Cont'd)

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

3.1 Encourage Engagement with Shareholders and other Stakeholders

The Board acknowledges the importance of being accountable to the shareholders and investing public via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK. The Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements and Company's website at www.ocrbhd.com, serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments, financial performance and progress throughout the year.

The General Meetings of the Company are the principal forum for interaction between the management and its private and institutional investors. The Group MD together with other Board members and relevant management staff are personally present at General Meetings of the Company to engage directly with the shareholders and to account for their stewardship of the Company. The External Auditors of the Company are also present to respond to any enquiries from the shareholders.

In line with good corporate governance practice, the notice of the 22nd AGM was issued 28 days before the AGM held on 27 July 2020.

3.2 Corporate Reporting

The details of governance structure in place to manage the economic, environmental and social risks as well as opportunities were set out in the Sustainability Statement on pages 27 to 34 of this Annual Report.

COMPLIANCE STATEMENT

The Board is of the view that the Group upholds adequate CG practices and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate. This CG Overview Statement was approved by the Board on 6 May 2021.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENTS DURING FY2020

On 7 February 2020, the Company has obtained shareholders' approval in relation to proposed allotment and issuance of up to 98,600,000 new ordinary shares to Macquarie Bank Limited.

The private placement was completed in tranches, following the listing of 98,600,000 new ordinary shares at RM0.226 to RM0.324 per placement share on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and successfully raised RM24,218,900.

The status of the utilisation of proceeds arising from the private placement as at 31 December 2020:

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000
Funding for existing and future property development and construction projects	23,569	15,452
Expenses for the Private Placement	650	650
	24,219	16,102

On 30 October 2020, the Company has proposed to undertake the proposed placement up to twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares).

The 1st tranche of private placement was initiated on 1 April 2021 following the listing of and quotation for a total of 50,000,000 new ordinary shares at RM0.2187 per placement share on the Main Market of Bursa Malaysia. This has successfully raised a total sum of RM10,935,000 for the Company.

SANCTIONS AND PENALTIES

There were no sanctions and penalties imposed on the Company and its subsidiaries, Board or Key Senior Management in FY2020.

AUDIT FEES AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors and firms affiliated to the External Auditors' firms by the Group and the Company for the FY2020 are as follows:

Type of fees	Group (RM)	Company (RM)
Audit fees	191,100	56,000
Non-audit fees	28,500	28,500
Total	219,600	84,500

MATERIAL CONTRACTS & MOUs

Save as disclosed below, there were no material contracts involving the Directors' and major shareholders' interests, either subsisting at the end of the financial year ended 31 December 2020 or, if not then subsisting, entered into since the end of the previous financial year:

- On 2 January 2020, OCR Development (Kuantan) Sdn Bhd ("ODKSB") had at the request of SSPP Development Sdn Bhd ("SSPP") vide SSPP solicitors' letter dated 31 December 2019 agreed to extend the time frame for Conditions Precedent under Section 3 of the Joint Venture Agreement dated 1 June 2015 to be extended for another one (1) year from 30 May 2019 and to be expiring on 30 May 2020 as SSPP's application to the State Authorities for the conversion of the said land is still in progress.

On 4 June 2020, ODKSB had granted SSPP an extension of time frame for the Condition Precedent under Section 3 of the Joint Venture Agreement dated 1 June 2015 to be extended for another six (6) months from 1 June 2020 and to be expiring on 30 November 2020 as SSPP's application to the State Authorities for the conversion of the said land is still in progress.

On 24 November 2020, ODKSB further granted SSPP an extension of time to 31 May 2021.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES (Cont'd)

- b. On 10 March 2020, Fajar Simfoni Sdn Bhd ("FSSB") has terminated the Joint Venture Agreement dated 17 May 2019 entered with D'nonce Properties Sdn Bhd ("DNP"), a wholly owned subsidiary of D'nonce Technology Berhad ("D'nonce") and reserve the rights to claim against DNP under the Joint Venture Agreement and the laws.

Upon the execution of the Joint Venture Agreement, FSSB had paid RM100,000 as deposit to DNP.

- c. On 6 May 2020, Serba Simfoni Sdn Bhd ("SSSB") has entered into a Shares Sale Agreement to acquire 900,000 ordinary shares representing 100% of the issued and paid-up capital of Fotopop (M) Sdn Bhd ("FMSB") for a consideration of RM10,900,000.
- d. On 1 June 2020, OCR Land Development Sdn Bhd ("OLDSB") has entered into a Joint Development Agreement ("JDA") with OCR Development Sdn Bhd ("OCRDSB"), a related party of the Company, to jointly develop a piece of leasehold land located in Mukim Sungai Buloh, District of Petaling, Negeri Selangor Darul Ehsan.
- e. On 18 June 2020, Landasan Surimas Sdn Bhd ("LSSB") entered into a Joint Venture and Shareholders' Agreement ("JVSA") with Perbadanan Kemajuan Negeri Pahang for the purpose of investment into a joint venture company known as Taraf Raya Sdn Bhd ("TRSB").

On 21 December 2020, TRSB entered into a Memorandum of Understanding ("MOU") with Malaysia Rail Link Sdn Bhd ("MRL") and China Communications Construction (ECRL) Sdn Bhd ("CCC") for exploring the prospects of forming a strategic collaboration involving implementation of the East Coast Rail Link Project ("Project").

- f. The Company had on 9 April 2021 entered into the following heads of agreements:
- (i) Heads of agreement between the Company, Mr. Ong Kah Hoe ("OKH") and Mr. Tan Chin Hoong ("TCH") ("Stack Builder HOA") for the following:
- proposed acquisition by the Company of up to such number of ordinary shares in Stack Builder Sdn Bhd ("Stack Builder") to be determined from OKH for a purchase consideration to be negotiated and agreed upon ("Proposed Acquisition of Stack Builder");
 - proposed settlement of debt owing by Stack Builder to OKH in the sum to be determined ("Proposed Debt Settlement to OKH"); and
 - proposed settlement of debt owing by Stack Builder to TCH in the sum to be determined ("Proposed Debt Settlement to TCH").
- (ii) Heads of agreement between the Company, OKH, Mr. Low Kin Kok ("LKK"), Mr. Chong Tze Ban ("CTB") and Mr. Low Kien Poh ("LKP") (OKH, LKK, CTB and LKP are collectively referred to as the "Wonderland Vendors") ("Wonderland HOA") for the following:
- proposed acquisition by the Company of up to such number of ordinary shares in Wonderland Projects Sdn Bhd ("Wonderland") to be determined from the Wonderland Vendors for a purchase consideration to be negotiated and agreed upon ("Proposed Acquisition of Wonderland"); and
 - proposed settlement of debts owing by Wonderland to the Wonderland Vendors in the sum to be determined ("Proposed Debt Settlement to the Wonderland Vendors").

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES (Cont'd)

OPTIONS OR CONVERTIBLE SECURITIES

(I) Share Issuance Scheme

The Company's newly established Employees' Share Option Scheme ("ESOS") was approved at the Extraordinary General Meeting held on 7 February 2020. The ESOS is for a duration of five (5) years and may be extended for a further period up to a maximum of five (5) years at the discretion of the Board upon the recommendation of the Option Committee.

The Company announced that the following options has been made on 6 August 2020. The Options granted under the ESOS entitle the eligible persons to subscribe for new ordinary shares in the Company via three (3) tranches of options period.

Total number of the options offered to eligible persons of the Company and the total outstanding options as at 31 December 2020 are set out as table below:

Description	Total No of Share Options	Executive Director	Senior Management	Other Eligible Employees
Options granted	11,000,000	1,800,000	2,000,000	7,200,000
Options exercised	-	-	-	-
Outstanding options unexercised	11,000,000	1,800,000	2,000,000	7,200,000

(II) Warrants

Warrant C

Pursuant to a Deed Poll dated 1 June 2016, the Company issued 66,141,269 free detachable warrants ("Warrants C") to the entitled shareholders of the Company pursuant to the renounceable rights issue of 661,412,697 new irredeemable convertible preference shares of RM0.05 each in the Company ("ICPS") on the basis of three (3) ICPS for every one (1) existing ordinary share in conjunction with the issue of 661,412,697 renounceable rights issue at a nominal value of RM0.05 (these additional warrants are referred as "OCR-WC" on the Main Market of Bursa Securities).

As at 8 April 2021, 66,141,269 Warrants C have yet to be exercised, as disclosed in the Analysis of Warrant C (OCR-WC) Holdings on pages 176 to 177 of this Annual Report.

Warrant D

Pursuant to a Deed Poll dated 12 February 2019, the Company issued 91,967,721 free detachable warrants ("Warrants D") to the entitled shareholders of the Company pursuant to the bonus issue of warrants on the basis of two (2) Warrant for seven (7) existing ordinary share (these additional warrants are referred as "OCRWD" on the Main Market of Bursa Securities).

As at 8 April 2021, 89,109,722 Warrants D have yet to be exercised, as disclosed in the Analysis of Warrant D (OCR-WD) Holdings on pages 178 to 179 of this Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the proposed renewal of shareholders' mandate for the recurrent related party transactions to be tabled at the forthcoming AGM are set out in the Circular to Shareholders dated 12 May 2021.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of OCR Group Berhad (“OCR” or “the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2020 (“FY2020”).

A. MEMBERS AND MEETING ATTENDANCE

AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The chairman of the AC is a member of the Malaysian Institute of Accountants. The current composition complies with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The members of the AC and members’ attendance of the six (6) meetings held during FY2020 are as follows:

Directors	No. of meetings attended
Julian Koh Lu Ern - Independent Non-Executive Director (Chairman)	6/6
YAM Tunku Azudinshah Ibni Tunku Annuar – Independent Non-Executive Director (Member)	6/6
Hj. Abdullah Bin Abdul Rahman – Independent Non-Executive Director (Member)	6/6

The AC members were provided with notices and agenda approximately seven (7) days before the meeting. The minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting. The AC minutes were also tabled at the Board meeting for the Directors’ notation and the AC Chairman reported key issues discussed, if any, in the AC meeting to the Board.

By invitation, the Chief Financial Officer and team members have attended all the meetings held during the financial year, to present their reports on financial results and other matters for the AC’s deliberation and approval. If required, other Key Senior Management and representatives of the External and Internal Auditors were also invited to attend these meetings, when necessary, to brief the AC on specific issues.

The AC has established a transparent and appropriate relationship with the Group’s External Auditors. In the course of audit of the Group’s operations, the External Auditors highlighted to the AC on the key audit issues and audit concerns that required AC attention. External Auditors are also able to have private discussions with the AC in the absence of the Management, if needed.

During FY2020, the Internal Auditors attended two (2) meetings to table the respective internal audit reports and presented their recommendations as to the actions and steps taken by Management in response to any audit findings.

Conversely, the External and Internal Auditors may also respectively request for a meeting with the AC, if deemed necessary.

B. RIGHTS, AUTHORITIES AND TERMS OF REFERENCE

The functions of the AC is as set out in the Terms of Reference of the AC, of which a copy can be found on the Company’s website at www.ocrbhd.com.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The work carried out by the AC in discharging its duties and functions with respect to their responsibilities during the financial period under review were summarized as follows:

a) Financial Results

- Reviewed and recommended unaudited quarterly financial results and audited financial statements before recommending to the Board for consideration and approval for release to Bursa Malaysia; and
- Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant judgements made by Senior Management, significant and unusual events or transactions and management’s reports and updates on actions recommended by the External Auditors for improvement.

Audit Committee Report (Cont'd)

- C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)**
- b) Internal Audit**
- Reviewed and adopted the internal audit plan and the Internal Auditor's scope of work;
 - Reviewed and discussed with the Internal Auditor its audit findings and issues arising during the audit;
 - Reviewed the adequacy and effectiveness of corrective actions taken by Senior Management on all significant matters raised by the Internal Auditor;
 - Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal control of the Group and recommended the same to the Board for inclusion in the Annual Report; and
 - Conducted the annual performance assessment.
- c) External Audit**
- Reviewed and approved the External Auditor's scope of work and audit plan prior to commencement of the annual audit;
 - Reviewed and discussed with the External Auditor, the results of the audit, the audit report and findings noted during its audit and reported the same to the Board;
 - Evaluated the independence and performance of the External Auditor and recommended its fees and re-appointment to the Board for approval; and
 - Met the External Auditor without the presence of Executive Directors and Senior Management to have a frank and candid dialogue, and to exchange free and honest views and opinions, when needed.
- d) Annual Report**
- Reviewed relevant statements/ reports including financial statements of this Annual Report; and
 - Reviewed the Corporate Governance Report as required by Paragraph 15.25 of MMLR.
- e) Recurrent Related Party Transactions ("RRPTs")**
- Reviewed RRPTs involving the Group to ensure the transactions entered into were at arm's length basis, on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
 - Reviewed the actual transacted value of RRPTs on a quarterly basis and matched them against the mandate from shareholders to ensure compliance with the MMLR of Bursa Malaysia and to ensure an immediate announcement, in the event the actual value of a mandated RRPT exceeds the estimated value of the RRPT disclosed in the previous year's RRPT Circular to Shareholders, which shareholder has approved, by 10% or more; and
 - Reviewed the Circular to shareholders in relation to the renewal of shareholders' mandate for RRPT and new shareholders' mandate for additional RRPTs, prior to its recommendation to the Board for approval.
- D. INTERNAL AUDIT FUNCTION**
- The Group's internal audit function is outsourced to a professional firm named Needsbridge Advisory Sdn Bhd ("Internal Auditor"). The primary responsibility of Internal Auditor is to assist the Board and the AC in reviewing the systems of internal control and providing recommendations to strengthen these systems. The three (3) main functions of the Internal Auditor as follows:
- Assess and report on the effectiveness of the design and operation of the framework of controls which enable risks to be assessed and managed;
 - Assess and report on the effectiveness of management actions to address deficiencies in the framework of controls; and
 - Investigate and report on cases of suspected employee fraud and malpractice, if any.

Audit Committee Report (Cont'd)

D. INTERNAL AUDIT FUNCTION (CONT'D)

The scope of review and internal audit planned by the outsourced internal audit function was proposed, determined and approved by the AC with feedback from executive management. In addition, the oversight of the internal audit functions by the AC is enhanced by the review of the resources of the outsourced internal audit function in terms of their qualification and experience/exposure and continuous professional development of the employees of the outsourced internal audit function. The performance of the internal audit function is formally evaluated by the AC through a prescribed evaluation form adopted from Corporate Governance Guide issued by Bursa Malaysia.

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, AC and other specialized services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

The summary of works that had been undertaken by the outsourced internal audit function during FY 2020 included the following:

- a. Project Management of OCR Properties (Kuantan) Sdn Bhd (formerly known as O&C Properties (Kuantan) Sdn Bhd)
- b. Sales and Marketing Management for OCR Properties (Kuantan) Sdn Bhd (formerly known as O&C Properties (Kuantan) Sdn Bhd)

The internal audit highlighted to the AC on their audit findings and requested formulation of management action plans by the Management to ensure an adequate and effective internal control system within the Group and to mitigate risks arising from any weaknesses in the Group's internal control system. Subsequently, a follow up review was performed to ensure that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of FY 2020 was RM 28,500.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in page 55 to 58 of this Annual Report.

This AC report approved by the AC on 6 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of OCR Group Berhad (“the Company”), in compliance with Paragraph 15.26(b) and Practice Note 9 of Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), is pleased to provide the Statement on Risk Management and Internal Control (“Statement”).

The Statement outlines the nature and scope of risk management and internal control of the Company and its subsidiaries (collectively with its subsidiaries, “the Group”) for the financial period under review and up to the date of approval of this Statement. The Group is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers’ as required by Bursa Malaysia. The Group is also in compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance (“MCCG”).

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility of maintaining sound risk management and internal control system, in addition to reviewing its adequacy and effectiveness to achieve the Group’s corporate objectives and strategies. Furthermore, it is also the responsibility of the Board to safeguard all stakeholders’ interests, protect the Group’s assets and establish the Group’s risk appetite. The Board is committed to the establishment and maintenance of a controlled environment and framework that is embedded into the Group’s corporate culture, processes, and strategies.

The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group’s policies, and achieve objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

The Board is assisted by the Group Managing Director (“Group MD”) and Key Senior Management in implementing the Board’s approved policies and procedures on governance, risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage and control these risks; and monitoring effectiveness of governance, risk management and control activities.

The Board does not review the risk management and internal control system of its associated companies as the Group does not have management control over the associated companies. Notwithstanding that, the Group’s interests are served through representation on the Board of the associated companies and provides the Board with information on the performance of the Group’s investments on an equity basis.

RISK MANAGEMENT

The Board recognises risk management as an integral part of internal control and good management practice in pursuit of its strategies and business objectives. The Board maintains an on-going commitment in identifying, evaluating and managing significant risks faced by the Group systematically during the financial period under review.

The Group incorporated an Enterprise Risk Management (“ERM”) framework to proactively identify key risks and assess their likelihood and magnitude of impact. In which, we are able to protect and create value for our stakeholders, including owners, employees, customers, regulators, and society overall.

The RMC is chaired by the Group MD together with a (1) Non-Independent Non-Executive Director and a (1) Independent Non-Executive Director. They develop risk management information in which new risks are identified, mitigation plans are formulated and changes in risk profile (if any) are noted. The risk management process as defined in the ERM Framework is employed by the RMC for risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, is guided by the likelihood and impact ratings, which was established on the risk appetite approved by the Board. Key Risk Registers are used for the identification of high residual risks which are above the risk appetite of the Group. This requires the RMC and the Board’s immediate attention and risk treatment for future risk monitoring.

The monitoring of the risk management process implemented by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the Audit Committee (“AC”).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT (CONT'D)

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

ADEQUATE PROCEDURES (“APs”) MITIGATING CORPORATE LIABILITY

The provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which came into effect on 1 June 2020, encompasses duty on the Directors and Management of the Group to encourage compliance with anticorruption laws and ensures that APs are in place to detect, prevent and minimise any possible corrupt practices that may be committed by any employee of the Group. In light of this, the Group has embarked on establishing the APs based on the “Guidelines on Adequate Procedures” issued by the Prime Minister’s Department.

The Group has conducted one (1) training related to the provisions of corporate liability for its Directors and top and middle-level Management. The Group has conducted corruption risk assessment, set up control measures with updates on our existing Whistle-blower Policy, Code of Conducts and Ethics, as well as implemented Anti-Bribery and Anti-Corruption policies. Besides, the Group will systematically review and monitor the progress and enforcement of the APs with on-going training and communication to all levels of the employees. The list of preventive actions is not exhaustive, as any measure that can prevent corruption is encouraged and the relevant new policies will be adopted to ensure the APs carried out are effective and relevant.

INTERNAL CONTROL

Management reports key financial data, performance indicators and regulatory matters to the Board. This is to ensure matters requiring the Board’s attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group’s policies. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner. Issues relating to the business operations are highlighted to the Board’s attention during Board meetings. Further, independent assurance is provided by the Group’s External Auditors, internal audit function and the AC to the Board. The AC reviews internal control matters and updates the Board on significant control gaps for the Board’s attention and action.

The key elements of the Group’s system of internal controls are described below:

- Board of Directors/Board Committees

The role, functions and composition of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board are specified to preserve the independence of the Board from the Management.

The delegation of responsibilities to the various committees of the Board is clearly defined in the terms of reference of respective Board Committees. At present, the committees which are established are the AC, Remuneration Committee, Nominating Committee, RMC and Option Committee.

- Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. Meetings of Board and respective Board Committees are carried out on schedule and when required, to review the performance of the Group from financial and operational perspectives.

- Integrity and Ethical Value

The tone from the top on integrity and ethical values are enshrined in the formal code of Conduct as contained in the Board Charter that has been established and approved by the Board. This formal code forms the foundation of integrity and ethical values for the Group.

To further enhance ethical values throughout the Group, a formal Anti-Bribery and Corruption Policy has been put in place by the Board to mitigate the risk of bribery within the Group. A Whistle-blower Policy (“Policy”) has been established to provide clarity on the whistleblowing process, and protection and confidentiality provided to whistleblowers. The Policy provides a protocol to employees and stakeholders to raise genuine possibilities of improprieties, malpractices and misconduct within the Group for remedial action. This Policy is available on the Company’s website at www.ocrbhd.com.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL (Cont'd)

INTERNAL CONTROL (CONT'D)

- **Organisation Structure, Accountability and Authorisation**

The Group has formal organisation structures, supported by job descriptions for key positions, in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staff in achieving operational effectiveness and efficiency. The Group is committed to employing suitably qualified staff to ensure appropriate level of authority and responsibility are delegated while remaining accountable for their performance to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Group MD and Key Senior Management.

The authorisation requirement of the key internal control points of key business processes are included as part of the policies and procedures established by the Group.

- **Policies and Procedures**

In compliance with the ISO certifications, the Group has documented policies and procedures developed and maintained in line with its ISO certifications with authorisation requirement for key processes stated therein. For business processes not under the ISO certifications, the Management develops and maintains documented process flow for key business processes employed with relevant authorisation requirement, if applicable.

- **Human Resource Management**

The Group puts in place consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and assigned responsibilities effectively and efficiently.

- **Information and Communication**

At operational level, clear reporting lines are established across the Group. Operations and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Key Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **Information and Communication (Cont'd)**

The Group puts in place effective and efficient information as well as communication infrastructures and channels, i.e. computerised information system, secured intranet, electronic mail system and modern telecommunication. These are in place for operational data and management information to be communicated in a timely and secure manner to dedicated personnel within the Group for decision making and communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different levels of the organisation structure to be reviewed and decided upon. The Board and Key Senior Management meetings are held for effective two-way communication of information at different levels.

- **Monitoring and Review**

Periodical Key Senior Management meetings are held to discuss and review financial and operational performance of key divisions/departments of the Group. There are also ad-hoc meetings being held on specific subjects, on needed basis.

Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the AC for review and the Board for approval before public release.

Furthermore, internal audits are carried out by Internal Auditor (which reports directly to the AC) to assess the adequacy of internal controls in relation to specific critical control processes, highlight significant risks impacting the Group to the AC and recommend improvements to various processes to minimise risks.

The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

- **Training and Development Programmes**

Training and development programmes are established to ensure that staff are up-to-date with the technological and regulatory changes in order to be competent in the industry in line with the Group's business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL AUDIT FUNCTION

The AC evaluates the effectiveness of the internal audit function in relation to their defined responsibilities. The independent internal audit function is outsourced to a professional audit firm, NeedsBridge Advisory Sdn Bhd, which carries out the internal audit reviews based on internal audit plans approved by the AC.

The outsourced internal audit function reports to the AC directly and the engagement director Mr. Pang Nam Ming, whom is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms including purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the AC and for its reporting to the Board for ultimate approval. During the financial year under review, the manpower allocated to the fieldworks of the internal audit by the outsourced internal audit function was one (1) manager, whom will be assisted by at least one (1) senior consultant and one (1) consultant per engagement. An oversight is then performed by the director.

The outsourced internal audit function adopts the risk-based internal audit approach to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. Each internal audit cycle within the internal audit plan are specific with regard to audit objectives, key risks assessed and scopes of the internal control review. The results of the audits are presented to the AC at their meeting.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the AC at their meetings.

During FY2020, the outsourced internal audit function conducted high level control reviews in relation to Project Management of one of the subsidiaries of the Company, as well as Sales and Marketing Management, of other operating subsidiaries in Malaysia in accordance with the internal Audit Plan in August 2019.

The cost incurred in maintaining the outsourced internal audit function for FY2020 amounted to RM 28,500.

BOARD ASSURANCE AND LIMITATION

In concluding this Statement, the Board has received assurance from the Group MD and Group Chief Financial Officer stating that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. For the financial year under review, there were no material losses resulting from significant control weaknesses.

The Board is also satisfied that the existing levels of system of risk management and internal controls including material associated companies are effective to enable the Group to achieve its business objectives. The Board continues to be committed toward maintaining a sound system of risk management and internal controls as well as carrying out measures to strengthen these systems. However, the Board wishes to point out that all risk management system and system of internal controls could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2020 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

The Statement was approved by the Board at its meeting on 6 May 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required pursuant to the Act to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

In the preparation of these financial statements, the Directors have ensured the observation of the following criteria:

- overseen the overall conduct of the Group and the Company's business;
- ensured that appropriate accounting policies and practices have been adopted and applied consistently;
- that the statements are supported by reasonable and prudent judgements and estimates;
- that all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements;
- reviewed the adequacy and integrity of internal control systems and management information system in the Company and within the Group; and
- that a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for ensuring that the Group and the Company maintain proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time. This enables the financial statements to comply with the requirements of the Act and ensures that they have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Listing Requirements of Bursa Securities.

The Directors are also responsible for taking the necessary steps to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for FY 2020, the Group and the Company have used the appropriate accounting policies and applied them consistently and are supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with, and confirmed that the financial statements have been prepared on a going-concern basis.

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FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors hereby submit 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 9 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year, net of tax	367,169	(5,251,970)
Attributable to:		
Owners of the Company	814,612	(5,251,970)
Non-controlling interests	(447,443)	-
	367,169	(5,251,970)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

Directors' Report (Cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 30 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 2,853,428 new ordinary shares at an exercise price of RM0.220 per warrant from the exercise of Warrants D;
- (ii) issued 98,600,000 new ordinary shares at an average price of RM0.246 per ordinary share pursuant to private placement exercises to eligible investors for working capital purposes; and
- (iii) issued of 23,670,710 new ordinary shares at an exercise price of RM0.50 per ordinary share from the conversion of ICPS with the conversion ratio of 10 ICPS to 1 ordinary share at the exercise price of RM0.50 per share.

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

There was no new issue of debentures made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 7 February 2020, the Company's shareholders approved the establishment of an ESOS for executive director and employees who meet the criteria of eligibility for participation. The salient features and other details of the ESOS are disclosed in Note 18(b) to the financial statements.

The options offered for the subscription of unissued ordinary shares and the exercise prices are as follows:

Grant date	Exercise price	Number of option over ordinary shares				At 31.12.2020
		At 1.1.2020	Granted	Exercised	Forfeited	
6 August 2020	0.249	-	11,000,000	-	-	11,000,000

WARRANTS 2016/2021 AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Pursuant to a Deed Poll dated 1 June 2016 ("Deed Poll"), the Company issued 66,141,269 free detachable warrants ("Warrants C") to the entitled shareholders of the Company pursuant to the renounceable rights issue of 661,412,697 new ICPS in conjunction with the issue of 661,412,697 renounceable rights issue at a nominal value of RM0.05 in 2017.

The salient features and other details of the ICPS are disclosed in Note 17 to the financial statements.

The salient features of the Warrants C as stated in the Deed Poll are as follows:

- (a) Each Warrant C entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.50 per ordinary share;
- (b) The exercise price and the number of Warrants C are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

Directors' Report (Cont'd)

WARRANTS 2016/2021 AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D)

The salient features of the Warrants C as stated in the Deed Poll are as follows (cont'd):

- (c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;
 - (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant C holders; and
 - (ii) in any other case, every Warrant C holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised his rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.
- (d) The exercise period is approximately 5 years from the date of issue expiring on 24 July 2021; and
- (e) The Warrants C which are not exercised during the exercise period will thereafter lapse and void.

The Warrants C were granted for listing and quotation with effect from 28 July 2016.

The number of unexercised Warrants C at the end of the reporting period is 66,141,269 (31.12.2019: 66,141,269).

WARRANTS 2019/2022

Pursuant to a Deed Poll dated 12 February 2019 ("Deed Poll"), the Company issued 91,967,721 new Warrants ("Warrants D") to the entitled shareholders of the Company pursuant to the Bonus Issue of Warrants.

The salient features of the Warrants D as stated in the Deed Poll are as follows:

- (a) Each Warrant D entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.220 per ordinary share;
- (b) The exercise price and the number of Warrants D are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

Directors' Report
(Cont'd)**WARRANTS 2019/2022 (CONT'D)**

The salient features of the Warrants C as stated in the Deed Poll are as follows (cont'd):

- (c) Where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then;
- (i) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant D holders (or some persons designated by them for such purpose by a special resolution of the holders of Warrants D) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrant D; and
- (ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all Warrant D holders. Every Warrant D holder shall thereupon be entitled, subject to the conditions set out in the Deed Poll D, to exercise his Warrants D at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants D to the Company) duly completed authorising the debiting of his Warrants D together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant new Shares to the holder of the said Warrants D credited as fully paid subject to the prevailing laws.
- (d) The exercise period is approximately 3 years from the date of issue expiring on 18 February 2022; and
- (e) Any Warrants D not exercised during the exercise period will thereafter lapse and cease to be valid.

The Warrants D were granted for listing and quotation with effect from 22 February 2019.

The movement of Warrants D during the financial year is as follows:

	Entitlement of ordinary shares			At 31.12.2020
	At 1.1.2020	Exercised	Lapsed	
Number of unexercised Warrants D	91,963,150	(2,853,428)	-	89,109,722

DIRECTORS

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

YAM Tunku Azudinshah Ibni Tunku Annuar
Ong Kah Hoe *
Hj. Abdullah Bin Abdul Rahman
Lee Chin Cheh
Admiral Tan Sri Dato' Seri Panglima Ahmad
Kamarulzaman Hj Ahmad Badaruddin (Retired)
Chong Min Shih
Julian Koh Lu Ern
Dato' Haji Mohd Fakrunizam Bin Ibrahim
Lim Tek Seng
Dato' Lim Heng Ee

(Appointed on 10.2.2020)
(Appointed on 18.2.2020)
(Appointed on 21.2.2020)
(Resigned on 13.1.2020)
(Resigned on 18.2.2020)

* Directors of the Company and certain subsidiaries

Directors' Report
(Cont'd)**DIRECTORS (CONT'D)**

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Abdul Hamid Bin Busu
Arlida Binti Ariff
Azinal Abidin Bin Ali
Badrushah Bin Abdul Rahim
Loke Wei Feng (Resigned on 4.11.2020)
Muhammad Suleiman Bin Mohd Amin
Muhammad Yusuf Bin Mohd Amin
Ong Kah Wee
Ong Yew Ming
Toh Foo Hing

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and/or ICPS in the Company and its related corporations during the financial year were as follows:

	<----- Number of Ordinary Shares ----->			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<u>Direct interests:</u>				
Ong Kah Hoe	24,442,600	-	-	24,442,600
<u>Indirect interests:</u>				
Ong Kah Hoe *	41,378,800	-	-	41,378,800
	<----- Number of ICPS ----->			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<u>Indirect interests:</u>				
Ong Kah Hoe *	3,000,000	-	-	3,000,000
	<----- Number of Warrants 2016/2021 ----->			
	At 1.1.2020	Entitled	Exercised	At 31.12.2020
The Company				
<u>Indirect interests:</u>				
Ong Kah Hoe *	180,000	-	-	180,000

Directors' Report
(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	<----- Number Of Warrants 2019/2022 ----->			
	At 1.1.2020	Entitled	Exercised	At 31.12.2020
The Company				
<u>Direct interests:</u>				
Ong Kah Hoe	6,983,599	-	-	6,983,599
<u>Indirect interests:</u>				
Ong Kah Hoe *	11,822,510	-	-	11,822,510

* *Deemed interests by virtue of his direct substantial shareholding in OCR Land Holdings Sdn. Bhd. and via his parents and siblings.*

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Ong Kah Hoe is deemed to have an interest in the ordinary shares of its subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares, warrants and/or ICPS of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 27 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity insurance was given to or insurance affected for, any directors or officers of the Group and the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 30 to the financial statements.

Directors' Report (Cont'd)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 31 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify the auditors during the financial year.

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

.....
ONG KAH HOE
Director

.....
YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR
Director

Date: 6 May 2021

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, **ONG KAH HOE** and **YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR**, being two of the directors of **OCR GROUP BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 74 to 170 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 Board of Directors in accordance with a resolution of the directors:

.....
ONG KAH HOE
Director

.....
YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR
Director

Date: 6 May 2021

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **ONG KAH HOE**, being the director primarily responsible for the financial management of OCR GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 74 to 170 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
ONG KAH HOE
Director

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 6 May 2021.

Before me,

Commissioner for Oaths
HADINUR MOHD SYARIF W761

INDEPENDENT AUDITORS' REPORT

to the members of OCR Group Berhad

(Incorporated in Malaysia)

Company No: 199701025005 (440503 - K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OCR Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 170.

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Group and Company

Trade and other receivables (Note 4(a) and 12 to the financial statements)

The Group and the Company have significant trade and other receivables as at 31 December 2020 which include certain amounts which are long outstanding. We focused on this area because the Group and the Company made significant judgements over assumptions about risk of default and impairment losses provided. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- discussing with the Group's and the Company's management on the recoverability of the trade and other receivables;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, customer correspondence and considering the level of activity with the customer and directors' explanation on recoverability with significantly past due balances on selected receivables; and
- understanding the reasonableness and calculation of impairment losses provided as at the end of the reporting period.

Independent Auditors' Report (Cont'd)

Key Audit Matters (Cont'd)

Group

Revenue recognition for property development and construction activities (Note 4(b), 8 and 13 to the financial statements)

The amount of revenue of the Group's property development and construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of development and construction costs incurred for works performed to-date bear to the estimated total costs for each project (input method).

We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing or updating project budgets and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report (Cont'd)

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2019 were audited by another firm of chartered accountants whose report dated 24 June 2020 expressed an unmodified opinion on those financial statements.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 6 May 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	31.12.2020 RM	Group 31.12.2019 RM (Restated)	1.1.2019 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	1,311,744	1,655,384	2,463,527
Right-of-use assets	6(a)	11,533,857	582,718	-
Investment property	7	1,771,051	1,812,398	1,853,747
Inventories	8	29,788,400	29,763,528	55,335,703
Investment in associates	10	391,631	383,112	486,887
Deferred tax assets	11	1,250,375	2,522,178	756,727
Other receivables	12	14,709,074	14,456,076	13,322,938
Total non-current assets		60,756,132	51,175,394	74,219,529
Current assets				
Inventories	8	97,003,139	102,608,575	72,748,357
Current tax assets		15,877	28,341	794,520
Trade and other receivables	12	102,664,014	97,743,960	79,153,681
Prepayments		1,002,187	596,850	3,138,254
Contract assets	13	58,630,609	36,642,129	13,565,197
Contract costs	14	8,653,812	10,122,087	7,419,163
Cash and short-term deposits	15	35,593,267	21,454,229	16,292,940
Total current assets		303,562,905	269,196,171	193,112,112
TOTAL ASSETS		364,319,037	320,371,565	267,331,641
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	156,002,556	119,320,547	88,457,091
Irredeemable convertible preference shares ("ICPS")	17	15,801,920	27,637,275	32,187,195
Other reserves	18	1,333,885	890,326	19,015,936
Accumulated losses		(23,417,569)	(24,232,181)	(27,416,939)
Non-controlling interests		149,720,792 (1,001,736)	123,615,967 (554,293)	112,243,283 (618,778)
TOTAL EQUITY		148,719,056	123,061,674	111,624,505

Consolidated Statement of Financial Position
(Cont'd)

	Note	31.12.2020 RM	Group 31.12.2019 RM (Restated)	1.1.2019 RM (Restated)
Non-current liabilities				
Lease liabilities	6(b)	538,285	531,102	-
Loans and borrowings	19	44,849,304	38,681,798	38,819,087
Deferred tax liabilities	11	179,286	179,286	179,286
Trade payables	20	28,148,771	42,180,200	40,502,537
Total non-current liabilities		73,715,646	81,572,386	79,500,910
Current liabilities				
Lease liabilities	6(b)	144,380	117,485	-
Loans and borrowings	19	42,459,980	41,339,684	29,132,593
Current tax liabilities		3,088,660	2,857,284	603,090
Trade and other payables	20	94,922,816	71,423,052	44,208,585
Contract liabilities	13	1,268,499	-	2,261,958
Total current liabilities		141,884,335	115,737,505	76,206,226
TOTAL LIABILITIES		215,599,981	197,309,891	155,707,136
TOTAL EQUITY AND LIABILITIES		364,319,037	320,371,565	267,331,641

STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	31.12.2020 RM	Company 31.12.2019 RM	1.1.2019 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	266,551	404,679	703,724
Right-of-use assets	6(a)	574,476	481,398	-
Investment property	7	1,771,051	1,812,398	1,853,747
Investment in subsidiaries	9	10,917,941	10,825,197	10,575,198
Deferred tax assets	11	-	1,255,513	-
Total non-current assets		13,530,019	14,779,185	13,132,669
Current assets				
Trade and other receivables	12	115,244,881	100,600,336	97,737,074
Prepayments		21,199	27,359	46,379
Cash and short-term deposits	15	19,169,530	11,426,432	10,482,268
Total current assets		134,435,610	112,054,127	108,265,721
TOTAL ASSETS		147,965,629	126,833,312	121,398,390
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	156,002,556	119,320,547	88,457,091
Irredeemable convertible preference shares ("ICPS")	17	15,801,920	27,637,275	32,187,195
Other reserves	18	1,333,885	890,326	19,015,936
Accumulated losses		(42,690,717)	(37,438,747)	(34,375,587)
TOTAL EQUITY		130,447,644	110,409,401	105,284,635
Non-current liabilities				
Lease liabilities	6(b)	506,831	459,307	-
Loans and borrowings	19	234,500	280,318	462,323
Total non-current liabilities		741,331	739,625	462,323
Current liabilities				
Lease liabilities	6(b)	101,040	79,012	-
Loans and borrowings	19	15,085,308	15,079,978	15,121,683
Trade and other payables	20	1,590,306	525,296	529,749
Total current liabilities		16,776,654	15,684,286	15,651,432
TOTAL LIABILITIES		17,517,985	16,423,911	16,113,755
TOTAL EQUITY AND LIABILITIES		147,965,629	126,833,312	121,398,390

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2020

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM (Restated)	31.12.2020 RM	31.12.2019 RM
Revenue	21	72,994,346	81,866,109	3,763,035	2,933,491
Cost of sales		(62,257,514)	(62,572,500)	-	-
Gross profit		10,736,832	19,293,609	3,763,035	2,933,491
Other income		1,209,806	3,025,053	334,406	413,520
Administrative expenses		(10,190,520)	(7,691,932)	(6,236,726)	(4,739,609)
Net impairment gain/(losses) on financial instruments		3,676,883	(905,060)	(775,227)	-
Other expenses		(1,132,246)	(988,501)	(310,397)	(304,764)
Operating profit/(loss)		4,300,755	12,733,169	(3,224,909)	(1,697,362)
Finance costs	22	(1,601,740)	(2,031,423)	(771,548)	(971,757)
Share of results of associates, net of tax	10	(384,458)	(103,775)	-	-
Profit/(Loss) before tax	23	2,314,557	10,597,971	(3,996,457)	(2,669,119)
Tax (expenses)/credit	24	(1,947,388)	(1,607,822)	(1,255,513)	1,255,513
Profit/(Loss) for the financial year		367,169	8,990,149	(5,251,970)	(1,413,606)
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive income/(loss) for the financial year		367,169	8,990,149	(5,251,970)	(1,413,606)

Statements of Comprehensive Income
(Cont'd)

	Note	31.12.2020 RM	Group 31.12.2019 RM (Restated)	31.12.2020 RM	Company 31.12.2019 RM
Profit/(Loss) attributable to:					
Owners of the Company		814,612	8,880,697	(5,251,970)	(1,413,606)
Non-controlling interests		(447,443)	109,452	-	-
		367,169	8,990,149	(5,251,970)	(1,413,606)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		814,612	8,880,697	(5,251,970)	(1,413,606)
Non-controlling interests		(447,443)	109,452	-	-
		367,169	8,990,149	(5,251,970)	(1,413,606)
Earnings per share attributable to owners of the Company (sen per share):					
Basic	25(a)	0.22	2.73		
Diluted	25(b)	0.19	2.21		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2020

Group	Note	Attributable to the owners of the Company							Total equity RM
		Share capital RM	ICPS RM	Warrant reserve RM	Share option reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interests RM	
At 1 January 2020 (restated)		119,320,547	27,637,275	890,326	-	(24,232,181)	123,615,967	(554,293)	123,061,674
Total comprehensive income/(loss) for the financial year		-	-	-	-	814,612	814,612	(447,443)	367,169
Profit/(loss) for the financial year		-	-	-	-	814,612	814,612	(447,443)	367,169
Total comprehensive income/(loss)		-	-	-	-	814,612	814,612	(447,443)	367,169
Transactions with owners									
Issuance of ordinary shares via:									
- Private placement	16	24,218,900	-	-	-	-	24,218,900	-	24,218,900
- Exercised of Warrants D	16	627,754	-	-	-	-	627,754	-	627,754
- Transfer to share capital upon conversion of ICPS	16, 17	11,835,355	(11,835,355)	-	-	-	-	-	-
Share option issued	18	-	-	-	443,559	-	443,559	-	443,559
Total transaction with owners		36,682,009	(11,835,355)	-	443,559	-	25,290,213	-	25,290,213
At 31 December 2020		156,002,556	15,801,920	890,326	443,559	(23,417,569)	149,720,792	(1,001,736)	148,719,056

Statements of Changes in Equity
(Cont'd)

Group	Note	Attributable to the owners of the Company							Total equity RM
		Share capital RM	ICPS RM	Warrant reserve RM	Share premium RM	Accumulated losses RM	Sub-total RM	Non-controlling interests RM	
At 1 January 2019									
- As previously reported		88,457,091	32,187,195	890,326	18,125,610	(26,628,581)	113,031,641	(1,407,136)	111,624,505
- Effect of adoption of MFRS 9		-	-	-	-	(5,695,939)	(5,695,939)	(44,967)	(5,740,906)
- Prior year restatement	33	-	-	-	-	(788,358)	(788,358)	788,358	-
Restated balance at 1 January 2019									
		88,457,091	32,187,195	890,326	18,125,610	(33,112,878)	106,547,344	(663,745)	105,883,599
Total comprehensive income for the financial year									
Profit for the financial year		-	-	-	-	8,880,697	8,880,697	109,452	8,990,149
Total comprehensive income		-	-	-	-	8,880,697	8,880,697	109,452	8,990,149
Transactions with owners									
Issuance of ordinary shares via:									
- Private placement	16	8,186,920	-	-	-	-	8,186,920	-	8,186,920
- Exercised of Warrants D	16	1,006	-	-	-	-	1,006	-	1,006
- Transfer to share capital upon conversion of ICPS	16, 17	4,549,920	(4,549,920)	-	-	-	-	-	-
Transfer to share capital pursuant to adoption of Companies Act 2016	16	18,125,610	-	-	(18,125,610)	-	-	-	-
Total transactions with owners		30,863,456	(4,549,920)	-	(18,125,610)	-	8,187,926	-	8,187,926
At 31 December 2019 (restated)									
		119,320,547	27,637,275	890,326	-	(24,232,181)	123,615,967	(554,293)	123,061,674

Statements of Changes in Equity
(Cont'd)

Company	Note	Attributable to the owners of the Company					Total equity RM
		Share capital RM	ICPS RM	Warrant reserve RM	Share option reserve RM	Accumulated losses RM	
At 1 January 2020		119,320,547	27,637,275	890,326	-	(37,438,747)	110,409,401
Total comprehensive loss for the financial year		-	-	-	-	(5,251,970)	(5,251,970)
Total comprehensive loss		-	-	-	-	(5,251,970)	(5,251,970)
Transactions with owners							
Issuance of ordinary shares via:							
- Private placement	16	24,218,900	-	-	-	-	24,218,900
- Exercised of Warrants D	16	627,754	-	-	-	-	627,754
- Transfer to share capital upon conversion of ICPS	16, 17	11,835,355	(11,835,355)	-	-	-	-
Share option issued	18	-	-	-	443,559	-	443,559
Transaction with owners		36,682,009	(11,835,355)	-	443,559	-	25,290,213
At 31 December 2020		156,002,556	15,801,920	890,326	443,559	(42,690,717)	130,447,644

Statements of Changes in Equity
(Cont'd)

Company	Note	Attributable to the owners of the Company						Total equity RM
		Share capital RM	ICPS RM	Warrant reserve RM	Share option reserve RM	Accumulated losses RM		
At 1 January 2019		88,457,091	32,187,195	890,326	18,125,610	(34,375,587)	105,284,635	
- As previously reported		-	-	-	-	(1,649,554)	(1,649,554)	
- Effect of adoption of MFRS 9								
Restated balance at 1 January 2019		88,457,091	32,187,195	890,326	18,125,610	(36,025,141)	103,635,081	
Total comprehensive loss for the financial year		-	-	-	-	(1,413,606)	(1,413,606)	
Loss for the financial year		-	-	-	-	(1,413,606)	(1,413,606)	
Total comprehensive loss		-	-	-	-	(1,413,606)	(1,413,606)	
Transaction with owners								
Issuance of ordinary shares via:								
- Private placement	16	8,186,920	-	-	-	-	8,186,920	
- Exercised of Warrants D	16	1,006	-	-	-	-	1,006	
- Transfer to share capital upon conversion of ICPS	16, 17	4,549,920	(4,549,920)	-	-	-	-	
Transfer to share capital pursuant to adoption of Companies Act 2016	16	18,125,610	-	-	(18,125,610)	-	-	
Total transactions with owners		30,863,456	(4,549,920)	-	(18,125,610)	-	8,187,926	
At 31 December 2019		119,320,547	27,637,275	890,326	-	(37,438,747)	110,409,401	

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2020

Note	Group		Company	
	31.12.2020 RM	31.12.2019 RM (Restated)	31.12.2020 RM	31.12.2019 RM
Cash flows from operating activities				
Profit/(Loss) before tax	2,314,557	10,597,971	(3,996,457)	(2,669,119)
Adjustments for:				
Depreciation of:				
- investment property	41,347	41,349	41,347	41,349
- property, plant and equipment	677,158	692,566	138,128	180,477
- right-of-use assets	326,336	119,782	130,922	82,938
Gain on disposal of right-of-use assets	-	(18,272)	-	(18,272)
Gain on disposal of subsidiaries	-	(1,258,818)	-	(1)
Impairment loss on investment in an associate	7,023	-	-	-
Interest expense on lease liabilities	33,853	22,199	26,383	16,047
Interest expenses	1,567,887	2,009,224	745,165	955,710
Interest income	(743,658)	(1,639,416)	(309,872)	(332,846)
Net impairment (gain)/losses on trade and other receivables	(3,676,883)	905,060	775,227	-
Share of results of associates	384,458	103,775	-	-
Share-based payments	443,559	-	350,815	-
Waiver of debts	(19,027)	-	-	-
	1,356,610	11,575,420	(2,098,342)	(1,743,717)
Changes in working capital:				
Inventories	5,580,564	(4,288,043)	-	-
Contract assets/(liabilities)	(20,719,981)	(25,338,890)	-	-
Contract costs	1,468,275	(2,702,924)	-	-
Trade and other payables	9,231,099	28,990,297	87,159	(62,453)
Trade and other receivables	3,780,032	(21,676,727)	6,977,500	1,673,050
Prepayments	(405,337)	2,541,404	6,160	19,020
Amount owing by subsidiaries	-	-	(21,018,611)	(4,248,005)
Amount owing by an associate	(21,479)	(577,735)	-	-
Amount owing by/(to) related parties	(5,141,879)	(2,982,083)	(387,810)	(1,937,861)
Amount owing to directors	(10,079)	78,000	(13,000)	58,000
Net cash used in operations	(4,882,175)	(14,381,281)	(16,446,944)	(6,241,966)
Interest paid	(1,601,740)	(2,031,423)	(771,548)	(971,757)
Interest received	743,658	1,639,416	309,872	332,846
Income tax paid	(431,745)	(352,900)	-	-
Net cash used in operating activities	(6,172,002)	(15,126,188)	(16,908,620)	(6,880,877)

Statements of Cash Flows
(Cont'd)

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM (Restated)	31.12.2020 RM	31.12.2019 RM
Cash flows from investing activities					
Addition in investment in an associate		(400,000)	-	-	-
Addition in investment in subsidiaries		-	-	-	(249,999)
Advances to a corporate shareholder		-	(50,000)	-	-
Net cash flows from acquisition of a subsidiary		(10,899,976)	-	-	-
Net cash outflows from disposal of a subsidiary		-	(187)	-	1
Pledged fixed deposits with licenced banks		(477,305)	(2,547,071)	(309,873)	(332,846)
Proceeds from disposal of right-of-use assets		-	90,002	-	90,002
Purchase of plant and equipment		(333,518)	(153,044)	-	(11,889)
Net cash used in investing activities		(12,110,799)	(2,660,300)	(309,873)	(504,731)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares:					
- exercise of Warrants D		627,754	1,006	627,754	1,006
- private placement		24,218,900	8,186,920	24,218,900	8,186,920
Drawdown of:					
- bridging loan	(a)	6,786,643	15,959,502	-	-
- term loans	(a)	1,183,212	100,000	-	-
- trust receipts	(a)	-	801,985	-	-
Repayment of:					
- bridging loan	(a)	(1,078,386)	(1,349,931)	-	-
- term loans	(a)	(3,639,995)	(5,963,469)	(40,488)	(79,080)
- lease liabilities	(a)	(189,922)	(148,525)	(154,448)	(111,920)
- trust receipts	(a)	(653,762)	-	-	-
Net cash from financing activities		27,254,444	17,587,488	24,651,718	7,996,926
Net increase/(decrease) in cash and cash equivalents		8,971,643	(199,000)	7,433,225	611,318
Cash and cash equivalents at the beginning of the financial year		(4,359,764)	(4,160,764)	771,575	160,257
Cash and cash equivalents at the end of the financial year	15(a)	4,611,879	(4,359,764)	8,204,800	771,575

Statements of Cash Flows
(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	At 1.1.2020 RM	Cash flows RM	Non-cash Acquisition RM	At 31.12.2020 RM
Group				
Bridging loan	28,217,945	5,708,257	-	33,926,202
Term loans	24,636,029	(2,456,783)	-	22,179,246
Lease liabilities	648,587	(189,922)	224,000	682,665
Revolving credit	15,000,000	-	-	15,000,000
Trust receipts	4,490,930	(653,762)	-	3,837,168
	72,993,491	2,407,790	224,000	75,625,281
Company				
Term loans	360,296	(40,488)	-	319,808
Lease liabilities	538,319	(154,448)	224,000	607,871
Revolving credit	15,000,000	-	-	15,000,000
	15,898,615	(194,936)	224,000	15,927,679
	At 1.1.2019 RM	Cash flows RM	Non-cash Acquisition RM	At 31.12.2019 RM
Group				
Bridging loan	13,608,374	14,609,571	-	28,217,945
Term loans	30,499,498	(5,863,469)	-	24,636,029
Lease liabilities	291,503	(148,525)	505,609	648,587
Revolving credit	15,000,000	-	-	15,000,000
Trust receipts	3,688,945	801,985	-	4,490,930
	63,088,320	9,399,562	505,609	72,993,491
Company				
Term loans	439,376	(79,080)	-	360,296
Lease liabilities	144,630	(111,920)	505,609	538,319
Revolving credit	15,000,000	-	-	15,000,000
	15,584,006	(191,000)	505,609	15,898,615

(b) Total cash outflows for leases as a lessee

During the financial year, the Group and the Company had total cash outflows for leases of RM697,855 and RM177,288 (31.12.2019: RM693,065 and RM131,820) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

OCR Group Berhad (“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 office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan. The principal place of business of the Company is located at A-3A-01, Block Allamanda, 10 Boulevard Lebuhraya Sprint, PJU 6A, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Company is principally engaged in the business of investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 May 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 and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 *Leases* issued by Malaysian Accounting Standards Board (“MASB”) on 5 June 2020.

Amendments to MFRS 3 *Business Combinations*

The Group has adopted the amendments to MFRS 3 for the first time in the current year. The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

Amendments to MFRS 3 clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Notes to the Financial Statements
(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2021/ 1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statement of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018 - 2020

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

Notes to the Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018 – 2020

Annual Improvements to MFRS Standards 2018 – 2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Notes to the Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

- (c) The Group and the Company are currently performing analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the amendments/improvements to MFRSs.

Notes to the Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 *Borrowing Costs* (“Agenda Decision”)

In March 2019, the IFRIC has concluded that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The MASB announced that non-private entities in the real estate industry might need to change their accounting policy as results of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as results of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 (“Mandatory Date”).

The Group plans to adopt the change in accounting policy on borrowing costs once the impact is quantified. The Group is currently still in the midst assessing the financial impact of the application.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.6 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation and economic entities

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

(a) Subsidiaries and business combination

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

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

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

Notes to the Financial Statements (Cont'd)

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

3.1 Basis of consolidation and economic entities (Cont'd)

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

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

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

Notes to the Financial Statements (Cont'd)

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

3.1 Basis of consolidation and economic entities (Cont'd)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements (Cont'd)

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.9(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contract with Customers*.

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

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

(a) Subsequent measurement

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

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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

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

Notes to the Financial Statements (Cont'd)

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

3.3 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.9(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.9(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Notes to the Financial Statements
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Financial instruments (cont'd)****(a) Subsequent measurement****(i) Financial assets (cont'd)**Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

Notes to the Financial Statements (Cont'd)

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

3.3 Financial instruments (cont'd)

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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 (Cont'd)

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

3.3 Financial instruments (cont'd)

(d) Derecognition (cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and their cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Notes to the Financial Statements
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Property, plant and equipment (cont'd)****(c) Depreciation**

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Renovation, furniture and fittings	3 to 10 years
Software	5 years
Tools and equipment	3 to 10 years
Motor vehicles	5 to 10 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases**(a) Definition of lease**

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Notes to the Financial Statements
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 Leases (cont'd)****(b) Lessee accounting (cont'd)**Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Notes to the Financial Statements (Cont'd)

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

3.5 Leases (cont'd)

(b) Lessee accounting (cont'd)

Lease liability (cont'd)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

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

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(b) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

Notes to the Financial Statements (Cont'd)

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

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Property under development

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal and other services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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

3.7 Investment property

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

Notes to the Financial Statements (Cont'd)

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

3.9 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into accounts any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Notes to the Financial Statements (Cont'd)

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

3.9 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

Notes to the Financial Statements (Cont'd)

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

3.9 Impairment of assets (cont'd)

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

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

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.10 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Preference shares

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Notes to the Financial Statements (Cont'd)

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

3.11 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

3.12 Share-based payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 18(b) to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Group and the Company obtain the goods or the counterparty renders the service.

3.13 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customers). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

Notes to the Financial Statements (Cont'd)

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

3.13 Revenue and other income (cont'd)

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the expected costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Property development

The Group develops and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost-plus margin approach.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group has an enforceable right to payment for performance completed to-date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to-date bear to the estimated total property development costs (an input method).

Notes to the Financial Statements (Cont'd)

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

3.13 Revenue and other income (cont'd)

(a) Property development (cont'd)

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to-date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to-date, then the Group recognises a contract liability for the difference.

The Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building.

(b) Construction contracts

The Group constructs residential and commercial properties under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the residential and commercial properties is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to-date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers, then the Group recognises a contract liability for the difference.

Notes to the Financial Statements (Cont'd)

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

3.13 Revenue and other income (cont'd)

(c) Management fees

Management fees are recognised over time as services are rendered based on time elapsed.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.14 Borrowing costs

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

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

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

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

3.15 Taxes

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the Financial Statements (Cont'd)

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

3.15 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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

Notes to the Financial Statements (Cont'd)

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

3.16 Operating segments

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

3.17 Fair value measurements

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

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

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

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

There were no transfers between levels of the fair value hierarchy during the financial year.

3.18 Earnings per share

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

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

3.19 Contingencies

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

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

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

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

Notes to the Financial Statements
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 Contract assets/(liabilities)**

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.21 Contract costs**(a) Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about risk of default and their expected loss. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's history, existing market conditions as well as forward-looking estimates including the impact of COVID-19 at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions over the expected lives of the trade and other receivables. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's trade and other receivables are disclosed in Note 26(b)(i) to the financial statements.

(b) Revenue recognition for construction and property development

The Group recognised property development and construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development or construction costs incurred for work performed to-date bear to the estimated total property development or construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development or construction costs incurred, the estimated total property development and construction revenue and expenses, as well as the recoverability of the projects. In making the judgement, the Group relies on past experience and the work of specialists.

The economic uncertainties resulting from COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total property development and construction revenue and costs.

The carrying amounts of property development costs, contract assets and contract liabilities are disclosed in Notes 8 and 13 to the financial statements.

Notes to the Financial Statements
(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Renovation, furniture and fittings RM	Software RM	Tools and equipment RM	Motor vehicles RM	Total RM
Group 2020 Cost					
At 1 January 2020	3,375,630	9,390	54,348	155,764	3,595,132
Additions	333,518	-	-	-	333,518
At 31 December 2020	3,709,148	9,390	54,348	155,764	3,928,650
Accumulated depreciation and impairment loss					
At 1 January 2020	1,767,023	2,877	14,084	155,764	1,939,748
Depreciation charge for the financial year	664,490	1,878	10,790	-	677,158
At 31 December 2020	2,431,513	4,755	24,874	155,764	2,616,906
Carrying amounts					
At 31 December 2020	1,277,635	4,635	29,474	-	1,311,744
2019 Cost					
At 1 January 2019	3,838,797	8,160	11,298	155,764	4,014,019
Additions	108,764	1,230	43,050	-	153,044
Disposals	(571,931)	-	-	-	(571,931)
At 31 December 2019	3,375,630	9,390	54,348	155,764	3,595,132
Accumulated depreciation and impairment loss					
At 1 January 2019	1,680,821	1,224	3,111	133,957	1,819,113
Depreciation charge for the financial year	658,133	1,653	10,973	21,807	692,566
Disposals	(571,931)	-	-	-	(571,931)
At 31 December 2019	1,767,023	2,877	14,084	155,764	1,939,748
Carrying amounts					
At 31 December 2019	1,608,607	6,513	40,264	-	1,655,384

Notes to the Financial Statements
(Cont'd)

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

	Renovation, furniture and fittings RM	Motor vehicles RM	Total RM
Company 2020			
Cost			
At 1 January 2020/ At 31 December 2020	879,948	155,764	1,035,712
Accumulated depreciation			
At 1 January 2020	475,269	155,764	631,033
Depreciation charge for the financial year	138,128	-	138,128
At 31 December 2020	613,397	155,764	769,161
Carrying amounts			
At 31 December 2020	266,551	-	266,551
2019			
Cost			
At 1 January 2019	868,059	155,764	1,023,823
Additions	11,889	-	11,889
At 31 December 2019	879,948	155,764	1,035,712
Accumulated depreciation			
At 1 January 2019	316,599	133,957	450,556
Depreciation charge for the financial year	158,670	21,807	180,477
At 31 December 2019	475,269	155,764	631,033
Carrying amounts			
At 31 December 2019	404,679	-	404,679

Notes to the Financial Statements
(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

The Group and the Company lease several assets including leasehold land and motor vehicles.

Information about leases for which the Group and the Company are lessees is presented below:

	Leasehold land RM	Motor vehicles RM	Total RM
Group 2020 Cost			
At 1 January 2020	-	782,828	782,828
Acquisition of a subsidiary	11,285,603	-	11,285,603
Additions	-	224,000	224,000
At 31 December 2020	11,285,603	1,006,828	12,292,431
Accumulated depreciation			
At 1 January 2020	-	200,110	200,110
Acquisition of a subsidiary	232,128	-	232,128
Depreciation charge for the financial year	158,571	167,765	326,336
At 31 December 2020	390,699	367,875	758,574
Carrying amounts			
At 31 December 2020	10,894,904	638,953	11,533,857
2019 Cost			
At 1 January 2019	-	482,156	482,156
Additions	-	505,609	505,609
Disposals	-	(204,937)	(204,937)
At 31 December 2019	-	782,828	782,828
Accumulated depreciation			
At 1 January 2019	-	213,535	213,535
Depreciation charge for the financial year	-	119,782	119,782
Disposals	-	(133,207)	(133,207)
At 31 December 2019	-	200,110	200,110
Carrying amounts			
At 31 December 2019	-	582,718	582,718

Notes to the Financial Statements
(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Right-of-use assets (cont'd)

	Company	
	31.12.2020 RM	31.12.2019 RM
Motor vehicles		
Cost		
At 1 January	598,609	297,937
Additions	224,000	505,609
Disposal	-	(204,937)
At 31 December	822,609	598,609
Accumulated depreciation		
At 1 January	117,211	167,480
Depreciation charge for the financial year	130,922	82,938
Disposal	-	(133,207)
At 31 December	248,133	117,211
Carrying amounts		
At 31 December	574,476	481,398

Leasehold land generally has lease terms between 34 to 39 years.

The Group and the Company also lease motor vehicles with lease terms of 5 to 7 years and have options to purchase the assets at the end of the contract term. Leased assets are pledged as security for the related lease liabilities as disclosed in Note 6(b) to the financial statements.

Notes to the Financial Statements
(Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Lease liabilities

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

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Minimum lease payments:				
- Not later than one year	175,392	146,568	129,638	103,812
- Later than one year and not later than five years	541,726	455,922	509,688	381,129
- Later than five years	50,608	137,488	50,608	137,488
Less: Future finance charges	767,726 (85,061)	739,978 (91,391)	689,934 (82,063)	622,429 (84,110)
Present value of minimum lease payments	682,665	648,587	607,871	538,319
Represented by:				
Current				
- Not later than one year	144,380	117,485	101,040	79,012
Non-current				
- Later than one year and not later than five years	488,368	398,302	456,914	326,507
- Later than five years	49,917	132,800	49,917	132,800
	538,285	531,102	506,831	459,307
	682,665	648,587	607,871	538,319

The lease liabilities bear interest rate ranging from 2.42% to 3.91% (2019: 2.42% to 3.91%) per annum.

Notes to the Financial Statements
(Cont'd)

7. INVESTMENT PROPERTY

	Group and Company	
	31.12.2020	31.12.2019
	RM	RM
Freehold commercial building		
Cost		
At 1 January/ At 31 December	2,067,375	2,067,375
Accumulated depreciation		
At 1 January	254,977	213,628
Depreciation charge for the financial year	41,347	41,349
At 31 December	296,324	254,977
Carrying amounts		
At 31 December	1,771,051	1,812,398

The investment property has been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 19 to the financial statements.

Fair value information

Fair value of investment property is categorised as follows:

	Group and Company	
	31.12.2020	31.12.2019
	RM	RM
Level 2		
Freehold commercial building	1,800,000	2,300,000

There is no transfer between the levels of fair value hierarchy during the financial year ended 31 December 2020 and 31 December 2019.

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximities are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Highest and best use

In estimating the fair value of the property, the highest and best use of the property is its current use.

Notes to the Financial Statements
(Cont'd)

8. INVENTORIES

	Note	Group 31.12.2020 RM	31.12.2019 RM (Restated)
Non-current			
At cost			
Land held for development			
- Land costs		23,631,965	23,631,965
- Development costs		6,156,435	6,131,563
	(a)	29,788,400	29,763,528
Current			
At cost			
Property under development			
- Land costs		46,400,659	55,252,338
- Development costs		50,602,480	47,356,237
	(b)	97,003,139	102,608,575
		126,791,539	132,372,103

(a) Land held for development

Land held for property development with a total carrying amount of RM15,012,965 (31.12.2019: RM15,012,965) have been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

(b) Property under development

- (i) Property development costs with a total carrying amount of RM79,561,269 (31.12.2019: RM80,369,860) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 19 to financial statements.
- (ii) In accordance with the Joint Venture Agreement ("JVA") with Makok Intl Sdn. Bhd. ("MISB"), a subsidiary of the Group, O&C Makok Isola Sdn. Bhd. ("OMISB") is obliged to pay MISB's entitlement of 50% of the development profit (as defined in the JVA) generated from the development of the parcel of land belonging to MISB. A total entitlement of RM28,148,771 (31.12.2019: RM32,226,497) has been included in the property development costs. As at reporting date, RM28,148,771 (31.12.2019: RM32,226,497) has been recognised as part of land cost payable in Note 20(a) to the financial statements.
- (iii) In accordance with the Joint Venture Agreement ("JVA") with Yayasan Pahang, a subsidiary of the Group, OCR Properties (Kuantan) Sdn. Bhd. ("OPKSB") is obliged to pay Yayasan Pahang's entitlement of a total consideration of RM7,000,000 and a guarantee of RM5,000,000 or 50% of the development profit (as defined in the JVA) whichever is higher, to be generated from the development of the parcel of land belonging to Yayasan Pahang progressively. A total entitlement of RM11,850,465 (31.12.2019: RM10,316,703) has been included in the property development costs. As at reporting date, RM3,704,865 (31.12.2019: RM9,953,703) has been recognised as part of land cost payable in Note 20(a) to the financial statements.

Notes to the Financial Statements
(Cont'd)

8. INVENTORIES (CONT'D)

- (c) Included in inventories are borrowing costs capitalised in the property development costs during the financial year as follows:

	Group	
	31.12.2020 RM	31.12.2019 RM
Borrowing cost capitalised	4,919,259	3,339,677

- (d) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM41,285,772 (31.12.2019: RM36,524,752).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2020 RM	31.12.2019 RM
At cost		
Unquoted shares		
At the beginning of the financial year	12,325,197	12,575,198
Add: Additions during the financial year	-	249,999
Less: Disposal during the financial year	-	(500,000)
At the end of the financial year	12,325,197	12,325,197
Deemed capital contribution:		
- Share option granted	92,744	-
Less: Accumulated impairment losses		
At the beginning of the financial year	1,500,000	2,000,000
Less: Disposal during the financial year	-	(500,000)
At the end of the financial year	1,500,000	1,500,000
Carrying amounts		
At the end of the financial year	10,917,941	10,825,197

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		31.12.2020 %	31.12.2019 %	
OCR Commerce Sdn. Bhd. ("OCSB") <i>(formerly known as O&C Commerce Sdn. Bhd.)</i>	Malaysia	100	100	Dormant
OCR Construction Sdn. Bhd. ("OCCSB") <i>(formerly known as O&C Construction Sdn. Bhd.)</i>	Malaysia	100	100	Construction of residential and commercial properties and property development
OCR Development (Kuantan) Sdn. Bhd. ("ODKSB") <i>(formerly known as O&C Development (Kuantan) Sdn. Bhd.)</i>	Malaysia	70	70	Property development and property investment
Tristar City Sdn. Bhd. ("TCSB")	Malaysia	100	100	Property development and property investment
Grand Superland Sdn. Bhd. ("GSSB")	Malaysia	100	100	Construction of residential and commercial properties and property development
Pangkal Teguh Sdn. Bhd. ("PTSB")	Malaysia	70	70	Construction of residential and commercial properties, property management and real estate
Kita Mampan Sdn. Bhd. ("KMPSB")	Malaysia	70	70	Construction of residential and commercial properties

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (cont'd):

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		31.12.2020 %	31.12.2019 %	
O&C Makok Isola Sdn. Bhd. ("OMISB") #	Malaysia	50.01	50.01	Property development
Sunrise Meadow Sdn. Bhd. ("SMSB") ^	Malaysia	100	100	Property development and property investment
Kirana Masyhur Sdn. Bhd. ("KMSB")	Malaysia	100	100	Dormant
OCR Properties (Kuantan) Sdn. Bhd. ("OPKSB") <i>(formerly known as O&C Properties (Kuantan) Sdn. Bhd.)</i>	Malaysia	90	90	Property development and property investment
YP OCR Development Sdn. Bhd. ("YPODSB") <i>(formerly known as YP O&C Development Sdn. Bhd.)</i>	Malaysia	100	100	Dormant
Fajar Simfoni Sdn. Bhd. ("FSSB")	Malaysia	100	100	Dormant
Junjung Simfoni Sdn. Bhd. ("JSSB")	Malaysia	100	100	Dormant
Amazing Symphony Sdn. Bhd. ("ASSB")	Malaysia	100	100	Construction of residential properties
OCR Land Development Sdn. Bhd. ("OLDSB")	Malaysia	100	100	Property development

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (cont'd):

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		31.12.2020 %	31.12.2019 %	
Subsidiary of Kirana Masyhur Sdn. Bhd.				
Mampan Esa (Melaka) Sdn. Bhd. ("MEMSB") ^	Malaysia	50.0005	50.0005	Property and facilities management
Subsidiaries of Grand Superland Sdn. Bhd.				
Visi Anggun Properties Sdn. Bhd. ("VAPSB")	Malaysia	80	80	Dormant
Greatway Capital Sdn. Bhd. ("GCSB")	Malaysia	100	100	Dormant
Serba Simfoni Sdn. Bhd. ("SSSB")	Malaysia	100	100	Dormant
Subsidiary of Serba Simfoni Sdn. Bhd.				
Fotopop (M) Sdn. Bhd. ("FMSB") ^	Malaysia	100	-	Dormant

^ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

The Group consolidated 100% of OMISB as the non-controlling interest shareholder has no control over OMISB.

(b) Acquisition of Fotopop (M) Sdn. Bhd. ("FMSB")

On 6 May 2020, a wholly owned subsidiary of the Group, Serba Simfoni Sdn. Bhd. had acquired 100% controlling interest in the equity share of FMSB for a total consideration of RM10,900,000.

(i) Fair value consideration transferred

	RM
Cash consideration	10,900,000

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of Fotopop (M) Sdn. Bhd. ("FMSB") (cont'd)

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Assets	
Right-of-use assets (Leasehold land)	11,053,475
Cash and cash equivalents	24
Total assets	11,053,499
Liabilities	
Trade and other payables	(153,499)
Total liabilities	(153,499)
Total identified net assets acquired	10,900,000
Fair value of consideration transferred	10,900,000

(iii) Effects of acquisition of cash flows:

	RM
Consideration paid in cash	10,900,000
Less: cash and cash equivalent of a subsidiary acquired	(24)
Net cash outflows on acquisition	10,899,976

(iv) Effects of acquisition in statements of comprehensive income:

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

	RM
Revenue	-
Loss for the financial year	(16,254)

If the acquisition had occurred on 1 January 2020, the consolidated results for the financial year ended 31 December 2020 would have been as follows:

	RM
Revenue	-
Loss for the financial year	(54,112)

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of a subsidiary

For the financial year ended 31 December 2019

On 24 October 2019, the Company disposed its entire shareholding of 500,000 ordinary shares in its wholly owned subsidiary, Japlo Healthcare Sdn. Bhd. ("JHSB") to Takaso Rubber Products Sdn. Bhd. for a total cash consideration of RM1. Consequently, JHSB had ceased to be a subsidiary of the Group and the Company.

The summary effects of the disposal of the investment in the subsidiary on the financial position of the Group are as follows:

	Japlo Healthcare Sdn. Bhd. RM
Derecognised:	
<u>Assets</u>	
Cash and bank balances	188
Trade and other receivables	300
	488
<u>Liabilities</u>	
Trade and other payables	(1,259,305)
	(1,258,817)
Cash consideration received	(1)
Gain on disposal of a subsidiary	(1,258,818)
Effects of disposal on cash flows:	
Cash consideration received	1
Less: Cash and cash equivalents of subsidiaries disposed	(188)
Net cash outflows on disposal	(187)

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Non-controlling interest in subsidiaries

Equity interest held by non-controlling interests are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest	
		31.12.2020 %	31.12.2019 %
OCR Development (Kuantan) Sdn. Bhd. <i>(formerly known as O&C Development (Kuantan) Sdn. Bhd.)</i>	Malaysia	30	30
Pangkal Teguh Sdn. Bhd.	Malaysia	30	30
Kita Mampan Sdn. Bhd.	Malaysia	30	30
OCR Properties (Kuantan) Sdn. Bhd. <i>(formerly known as O&C Properties (Kuantan) Sdn. Bhd.)</i>	Malaysia	10	10
Mampan Esa (Melaka) Sdn. Bhd.	Malaysia	49.9995	49.9995
Visi Anggun Properties Sdn. Bhd.	Malaysia	20	20

Summarised financial information of the non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

10. INVESTMENT IN ASSOCIATES

	Group	
	31.12.2020 RM	31.12.2019 RM
At cost		
Unquoted shares	980,000	980,000
Add: Addition during the year	400,000	-
	1,380,000	980,000
Share of post-acquisition reserves	(981,346)	(596,888)
Less: Impairment losses	(7,023)	-
	391,631	383,112

Notes to the Financial Statements
(Cont'd)

10. INVESTMENT IN ASSOCIATES (CONT'D)

Details of associates are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities/nature of relationship
		31.12.2020 %	31.12.2019 %	
Associate of Kita Mampan Sdn. Bhd.				
AES Builders Sdn. Bhd. ("AES") ^	Malaysia	49	49	Construction of residential and commercial properties. The activities contribute to the Group's construction segment.
Associate of Kirana Masyhur Sdn. Bhd.				
Landasan Surimas Sdn. Bhd. ("LSSB")	Malaysia	40	-	Investment holding, project management consultation and construction. The activities contribute to the Group's construction segment.

^ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

Acquisition of Landasan Surimas Sdn. Bhd. ("LSSB")

On 17 March 2020, a wholly owned subsidiary of the Company, Kirana Masyhur Sdn. Bhd. ("KMSB") subscribed for 40 ordinary shares, representing 40% controlling interest in the equity shares of LSSB at an issue price of RM1 each for a total cash consideration of RM40.

On 23 April 2020, KMSB subscribed for additional 399,960 ordinary shares at an issue price of RM1 each for a total cash consideration of RM399,960. There is no change in the Group's effective ownership in LSSB as results of the additional shares purchased.

Notes to the Financial Statements
(Cont'd)

10. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised financial information of material associates

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

Group	31.12.2020		Total RM	31.12.2019
	AES RM	LSSB RM		AES RM
At 31 December				
Assets and liabilities:				
Non-current assets	12,462	70	12,532	3,727,447
Current assets	1,158,768	1,000,796	2,159,564	21,532
Current liabilities	(3,607,223)	(28,111)	(3,635,334)	(2,777,760)
Net (liabilities)/assets	(2,435,993)	972,755	(1,463,238)	971,219
Results:				
Loss for the financial year	(3,406,173)	(3,364)	(3,409,537)	(211,785)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(3,406,173)	(3,364)	(3,409,537)	(211,785)
Included in the total comprehensive loss is:				
Revenue	-	-	-	-
Reconciliation of net assets to carrying amount:				
Share of net assets at the acquisition date	980,000	400,000	1,380,000	980,000
Bargain purchase	(92,785)	-	(92,785)	(92,785)
Cost of investment	887,215	400,000	1,287,215	887,215
Less: Share of post-acquisition loss	(887,215)	(1,346)	(888,561)	(504,103)
Less: Accumulated impairment loss	-	398,654	398,654	383,112
	-	(7,023)	(7,023)	-
Carrying amount in the statements of financial position	-	391,631	391,631	383,112
Group's share of results				
Group's share of profit or loss during the financial year	(383,112)	(1,346)	(384,458)	(103,775)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive loss	(383,112)	(1,346)	(384,458)	(103,775)

Notes to the Financial Statements
(Cont'd)

10. INVESTMENT IN ASSOCIATES (CONT'D)

Summarised financial information of material associates (cont'd)

The Group has not recognised its share of losses of AES Builders Sdn. Bhd. amounting to RM1,285,913 (31.12.2019: Nil) because the Group's cumulative shares of loss has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM1,285,913 (31.12.2019: Nil).

11. DEFERRED TAX ASSETS/(LIABILITIES)

Presented after appropriate offsetting as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Deferred tax assets	1,250,375	2,522,178	-	1,255,513
Deferred tax liabilities	(179,286)	(179,286)	-	-
	1,071,089	2,342,892	-	1,255,513

Deferred tax relates to the following:

Group	At 1.1.2020 RM	Recognised in profit or loss RM	At 31.12.2020 RM
Deferred tax liabilities:			
Fair value adjustment on a property through acquisition of a subsidiary	(179,286)	-	(179,286)
Deferred tax assets:			
Unutilised tax losses	1,255,513	(1,255,513)	-
Property development profits	1,266,665	(16,290)	1,250,375
	2,522,178	(1,271,803)	1,250,375
	2,342,892	(1,271,803)	1,071,089

Notes to the Financial Statements
(Cont'd)

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

Deferred tax relates to the following (cont'd):

Group	At 1.1.2019 RM	Recognised in profit or loss RM	At 31.12.2019 RM
Deferred tax liabilities:			
Fair value adjustment on a property through acquisition of a subsidiary	(179,286)	-	(179,286)
Deferred tax assets:			
Unutilised tax losses	-	1,255,513	1,255,513
Property development profits	756,727	509,938	1,266,665
	756,727	1,765,451	2,522,178
	577,441	1,765,451	2,342,892

Company	At 1.1.2020 RM	Recognised in profit or loss RM	At 31.12.2020 RM
Deferred tax assets:			
Unutilised tax losses	1,255,513	(1,255,513)	-

Company	At 1.1.2019 RM	Recognised in profit or loss RM	At 31.12.2019 RM
Deferred tax assets:			
Unutilised tax losses	-	1,255,513	1,255,513

Notes to the Financial Statements
(Cont'd)

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

Unrecognised deferred tax assets

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

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Unabsorbed capital allowances	648,071	305,899	382,561	-
Unutilised tax losses	11,238,786	2,490,593	8,939,642	-
Other (taxable)/deductible timing differences	(34,700)	93,171	(96,525)	-
	11,852,157	2,889,663	9,225,678	-
Potential deferred tax assets not recognised at 24% (31.12.2019: 24%)	2,844,518	693,519	2,214,163	-

Unutilised tax losses which are available for offset against future taxable income will expire in the following years:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Year of assessment				
2025	6,794,813	2,450,755	4,571,188	-
2026	1,497,460	39,838	1,457,622	-
2027	2,946,513	-	2,910,832	-
	11,238,786	2,490,593	8,939,642	-

Notes to the Financial Statements
(Cont'd)

12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Non-current:					
Non-trade					
Other receivables	(a)	14,709,074	14,456,076	-	-
Current:					
Trade					
Trade receivables		10,364,744	20,641,182	-	-
Retention sum		2,937,368	5,462,417	-	-
Related parties		46,479,185	26,844,882	-	-
		59,781,297	52,948,481	-	-
Less: Accumulated impairment losses		(217,682)	(2,899,943)	-	-
Total trade receivables (current)	(b)	59,563,615	50,048,538	-	-
Non-trade					
Other receivables	(c)	18,888,489	25,906,508	3,357,157	10,334,157
Deposits	(d)	16,489,041	20,336,868	27,111	27,611
Amount owing by:					
- subsidiaries	(e)	-	-	111,818,872	90,800,261
- an associate	(e)	2,500,945	2,479,466	-	-
- related parties	(e)	8,236,805	2,982,083	3,316,522	1,937,861
		46,115,280	51,704,925	118,519,662	103,099,890
Less: Accumulated impairment losses					
- other receivables		(1,515,858)	(3,718,384)	-	(1,649,554)
- deposits		(213,111)	(291,119)	(13,111)	-
- Amount owing by:					
- subsidiaries		-	-	(3,261,670)	(850,000)
- an associate		(1,285,912)	-	-	-
	(c)	(3,014,881)	(4,009,503)	(3,274,781)	(2,499,554)
Total other receivables (current)		43,100,399	47,695,422	115,244,881	100,600,336
Total trade and other receivables (current)		102,664,014	97,743,960	115,244,881	100,600,336
Total trade and other receivables (non-current and current)		117,373,088	112,200,036	115,244,881	100,600,336

Notes to the Financial Statements
(Cont'd)**12. TRADE AND OTHER RECEIVABLES (CONT'D)****(a) Other receivables (non-current)**

The amount is receivable from Makok Intl Sdn. Bhd. ("MISB"), a corporate shareholder of a subsidiary of the Group, O&C Makok Isola Sdn. Bhd. ("OMISB") within 3 years from the date of the Promissory Note or upon completion of a development project under a Joint Venture Agreement ("JVA") whichever is later or at such other date as may be instructed by OMISB. The amount is subject to interest charged proportionately from the interest expense incurred based on the bank loan balance at the end of reporting date.

(b) Trade receivables

Trade receivables are non-interest bearing and the normal credit term offered by the Group ranging from cash term to 30 days (31.12.2019: cash term to 30 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. Late interest is charged at 10% (31.12.2019: 10%) per annum on the overdue balance to house buyers.

The retention sum is receivables upon the expiry of defect liabilities period as provided in the contracts with customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	31.12.2020	31.12.2019
	RM	RM
At 1 January	2,899,943	2,899,943
Reversal of impairment losses		
- Individually assessed	(2,682,261)	-
At 31 December	217,682	2,899,943

The information about the credit exposures is disclosed in Note 26(b)(i) to the financial statements.

Included in trade receivables of the Group are amounts totalling of RM49,416,553 (31.12.2019: RM39,183,518) due from 4 (31.12.2019: 4) of its significant receivables.

Notes to the Financial Statements
(Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Other receivables (current)

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
At 1 January	4,009,503	3,104,443	2,499,554	2,499,554
Charge for the financial year				
- Individually assessed	2,423,629	905,060	2,424,781	-
Reversal of impairment losses				
- Individually assessed	(3,418,251)	-	(1,649,554)	-
At 31 December	3,014,881	4,009,503	3,274,781	2,499,554

Included in the other receivables of the Group and of the Company at the end of the reporting period:

- (i) is an amount of RM3,119,231 (31.12.2019: RM6,119,231) being the balance of the debt novation on the amount owing by a former subsidiary to a third party;
- (ii) is an amount of RM8,720,009 (31.12.2019: RM8,720,009) representing unsecured and interest-free advances to a joint venturer for the purpose of a housing development project in Bangi, Selangor Darul Ehsan; and
- (iii) is an amount of RM2,305,060 (31.12.2019: RM3,805,060) representing amount recoverable from Damansara Realty (Johor) Sdn. Bhd. ("DRJ") in relation to a terminated proposed development of Perumahan Penjawat Awam 1Malaysia ("PPA1M") project located in Putrajaya.

(d) Deposits

Included in deposits of the Group at the end of reporting period:

- (i) is an amount of RM5,000,000 (31.12.2019: RM5,000,000) representing deposit paid by a subsidiary of the Group, OCR Development (Kuantan) Sdn. Bhd. ("ODKSB") upon execution of a Joint Venture Agreement with SSPP Development Sdn. Bhd. in relation to a proposed development on a parcel of land in Bandar Kuantan, Kuantan, Pahang;
- (ii) was an amount of RM10,900,000 in relation to earnest deposit paid to a lawyer as a stakeholder sum for the proposed acquisition of subsidiary, Fotopop (M) Sdn. Bhd. in the previous financial year. The acquisition of subsidiary was completed during the financial year;
- (iii) is an amount of RM3,000,000 (31.12.2019: RM3,000,000) representing deposit paid by a subsidiary of the Group, Amazing Symphony Sdn. Bhd. upon execution of a Joint Venture Agreement with Duta Skyline Sdn. Bhd., a wholly owned subsidiary of Seacera Group Berhad to develop a parcel of freehold land in Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan; and
- (iv) is an amount of RM8,000,000 (31.12.2019: Nil) representing contra of deposit by a subsidiary of the Group, OCR Land Development Sdn. Bhd. in relation to a Joint Development Agreement entered between the Company and a related party on 1 June 2020 for a proposed development project on a parcel of land in Kampung Kayu Ara, Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan.

Notes to the Financial Statements
(Cont'd)**12. TRADE AND OTHER RECEIVABLES (CONT'D)****(e) Amount owing by subsidiaries, an associate and related parties**

The non-trade amounts owing by subsidiaries, an associate and related parties are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

13. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	31.12.2020 RM	31.12.2019 RM (Restated)
Contract assets relating to property development contracts	49,273,425	32,590,660
Contract assets relating to construction service contracts	9,357,184	4,051,469
Total contract assets	58,630,609	36,642,129
Contract liabilities relating to property development contracts	(478,687)	-
Contract liabilities relating to construction service contracts	(789,812)	-
Total contract liabilities	(1,268,499)	-
Net amount	57,362,110	36,642,129

(a) Property development activities

The contract assets primarily relate to the Group's rights to consideration for property development work completed on contracts but not yet billed at the reporting date.

(b) Construction activities

The contract assets and liabilities represent timing differences in revenue recognition and the milestone billings in respect of the construction activities.

Notes to the Financial Statements
(Cont'd)

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

(c) Significant changes in contract balances

	31.12.2020 RM	31.12.2019 RM (Restated)
Property development contracts		
Contract assets		
At the beginning of the financial year	32,590,660	9,583,911
Revenue recognised during the financial year	47,470,419	50,428,438
Progress billings issued during the financial year	(30,121,365)	(27,421,689)
Consideration received from customers, but revenue not recognised	(536,826)	-
Changes in transaction price	(129,463)	-
At the end of the financial year	49,273,425	32,590,660
Contract liabilities		
At the beginning of the financial year	-	-
Consideration received from customers, but revenue not recognised	1,533,485	-
Revenue recognised during the financial year	(2,012,172)	-
At the end of the financial year	(478,687)	-
Net contract assets relating to property development contracts	48,794,738	32,590,660
Construction contracts		
Contract assets		
At the beginning of the financial year	4,051,469	3,981,286
Revenue recognised during the financial year	17,840,662	30,339,260
Progress billings issued during the financial year	(12,534,947)	(30,269,077)
At the end of the financial year	9,357,184	4,051,469
Contract liabilities		
At the beginning of the financial year	-	(2,261,958)
Consideration received from customers, but revenue not recognised	(7,069,055)	-
Revenue recognised during the financial year	6,279,243	2,261,958
At the end of the financial year	(789,812)	-
Net contract assets relating to construction service contracts	8,567,372	4,051,469
Net amount	57,362,110	36,642,129

Notes to the Financial Statements
(Cont'd)

14. CONTRACT COSTS

	Group	
	31.12.2020 RM	31.12.2019 RM (Restated)
Current		
Costs to obtain contracts	8,653,812	10,122,087

Costs to obtain contracts relate to incremental commission fees paid to intermediaries as results of obtaining contracts with customers.

The costs to obtain contracts are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. During the financial year, the amortisation of contract costs of the Group recognised were RM3,308,592 (31.12.2019: RM4,023,822).

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Cash and bank balances	16,978,547	3,316,814	8,204,800	771,575
Short-term deposits placed with licensed banks	18,614,720	18,137,415	10,964,730	10,654,857
	35,593,267	21,454,229	19,169,530	11,426,432

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

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Short-term deposits placed with licensed banks	18,614,720	18,137,415	10,964,730	10,654,857
Less: Pledged deposits	(18,614,720)	(18,137,415)	(10,964,730)	(10,654,857)
	-	-	-	-
Cash and bank balances	16,978,547	3,316,814	8,204,800	771,575
Bank overdrafts	(12,366,668)	(7,676,578)	-	-
	4,611,879	(4,359,764)	8,204,800	771,575

(b) The short-term deposits placed with licensed banks of the Group and of the Company are pledged to licensed banks as security for credit facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.

(c) The short-term deposits of the Group and the Company bore interest rates ranging from 1.60% to 1.75% (31.12.2019: 2.90% to 3.25%) and 1.75% (31.12.2019: 3.25%) per annum respectively at the end of the reporting date. The fixed deposits of the Group and the Company have maturity periods ranging from 1 to 12 months (31.12.2019: 1 to 12 months).

Notes to the Financial Statements
(Cont'd)**15. CASH AND SHORT-TERM DEPOSITS (CONT'D)**

- (d) Included in cash and bank balances of the Group is amount of RM4,776,645 (31.12.2019: RM488,472) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

16. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	31.12.2020 Unit	31.12.2019 Unit	31.12.2020 RM	31.12.2019 RM
Ordinary shares				
Issued and fully paid up:				
At 1 January	330,808,630	292,465,219	119,320,547	88,457,091
Issuance of shares during the financial year through:				
- Exercised of Warrants D	2,853,428	4,571	627,754	1,006
- Private placement	98,600,000	29,239,000	24,218,900	8,186,920
- Conversion of ICPS	23,670,710	9,099,840	11,835,355	4,549,920
Transfer from share premium account	-	-	-	18,125,610
At 31 December	455,932,768	330,808,630	156,002,556	119,320,547

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

During the financial year, the Company:

- (a) issued 2,853,428 new ordinary shares at an exercise price of RM0.22 per warrant from the exercise of Warrants D;
- (b) issued 98,600,000 new ordinary shares at an average price of RM0.246 per ordinary share pursuant to private placement exercises to eligible investors for working capital purposes; and
- (c) issued of 23,670,710 new ordinary shares at an exercise price of RM0.50 per ordinary share from the conversion of ICPS with the conversion ratio of 10 ICPS to 1 ordinary share at the exercise price of RM0.50 per share.

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

Notes to the Financial Statements
(Cont'd)

17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Group and Company			
	Number of shares		Amount	
	31.12.2020 Unit	31.12.2019 Unit	31.12.2020 RM	31.12.2019 RM
ICPS				
Issued and fully paid up:				
At 1 January	552,745,497	643,743,897	27,637,275	32,187,195
Conversion to ordinary shares	(236,707,100)	(90,998,400)	(11,835,355)	(4,549,920)
At 31 December	316,038,397	552,745,497	15,801,920	27,637,275

The salient terms of ICPS are as follows:

- (a) Dividend rate: No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company.
- The Company shall have the discretion to decide whether to declare any dividend. Dividend, if declared, shall be in priority over all ordinary shares of the Company, where the dividend rate is a non-cumulative preference dividend rate of 5% per annum calculated based on the nominal value of the ICPS, to be declared and payable annually in arrears.
- (b) Tenure: Five (5) years commencing from and inclusive of the date of issue of the ICPS on 16 May 2016.
- (c) Maturity date: The day immediately preceding the fifth (5th) anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date would be the preceding market day.
- (d) Conversion rights:
- (i) Each ICPS carries the entitlement to be converted into new OCR Shares at the Conversion Ratio through the surrender of the ICPS.
 - (ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.
 - (iii) If the conversion results in a fractional entitlement to ordinary shares of the Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
- (e) Conversion period:
- (i) The ICPS may be converted at any time within five (5) years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price.
 - (ii) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new ordinary share of the Company ("OCR Share") at the conversion ratio of ten (10) ICPS to be converted into one (1) new OCR Share.
- (f) Conversion ratio and conversion price: The Conversion Ratio and Conversion Price have been fixed at either ten (10) ICPS to be converted into one (1) new OCR Share or a combination of one (1) ICPS and RM0.45 in cash for one (1) new OCR Share.

Notes to the Financial Statements
(Cont'd)

18. OTHER RESERVES

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Warrant reserve	(a)	890,326	890,326	890,326	890,326
Share option reserve	(b)	443,559	-	443,559	-
		1,333,885	890,326	1,333,885	890,326

(a) Warrant reserve

The warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of RM0.50. The warrants will be expired on 24 July 2021. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained earnings.

(b) Share option reserve

The share option reserve comprises the cumulative value of eligible Executive Director and employees' services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share options are granted to eligible Executive Director and employees based on the conditions as specified on the date of offer of the scheme. The options granted are vesting immediately and settlement is by issuance of fully paid ordinary shares. The exercise price in each grant is set 10% below the weighted average of the market prices of the Company's ordinary shares in the last five trading days before the grant date. The contractual term of each option granted is one to three years. There are no cash settlement alternatives. The options carry neither right to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movement in, share options:

	31.12.2020		31.12.2019	
	Number Unit	WAEP RM	Number Unit	WAEP RM
At 1 January	-	-	-	-
Granted on 6 August 2020	11,000,000	0.249	-	-
At 31 December	11,000,000	0.249	-	-
Exercisable at 31 December	11,000,000	0.249	-	-

Notes to the Financial Statements
(Cont'd)

18. OTHER RESERVES (CONT'D)

(b) Share option reserve (cont'd)

Movement of share options during the financial year (cont'd)

The options outstanding as at 31 December 2020 have exercise price of RM0.249 and the weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 4.4 years.

The fair values of the share options granted were determined using a trinomial option pricing model, and the inputs were:

	31.12.2020		
	Tranche 1	Tranche 2	Tranche 3
Fair value of share options and assumptions			
Weighted average fair value of share option at grant date (RM)	0.093	0.116	0.134
Weighted average share price (RM)	0.2756	0.2756	0.2756
Option life (years)	5	5	5
Risk-free rate (%)	1.851%	1.851%	1.899%
Expected dividends (%)	-	-	-

When determine the fair value, the management has also taken into consideration of the exercise restrictions and exercise behaviour. It was assumed that the Executive director and employees would exercise the options after the vesting date when the share price is above the exercise price.

Notes to the Financial Statements
(Cont'd)

19. LOANS AND BORROWINGS

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Non-current:					
Secured					
Bridging loan	(a)	21,926,202	17,717,998	-	-
Term loans	(a)	17,022,663	20,963,800	234,500	280,318
Bank overdrafts (non-checking account)	(d)	5,900,439	-	-	-
		44,849,304	38,681,798	234,500	280,318
Current:					
Secured					
Bridging loan	(a)	12,000,000	10,499,947	-	-
Term loans	(a)	5,156,583	3,672,229	85,308	79,978
Trust receipts	(c)	3,837,168	4,490,930	-	-
Revolving credit	(b)	15,000,000	15,000,000	15,000,000	15,000,000
Bank overdrafts	(d)	6,466,229	7,676,578	-	-
		42,459,980	41,339,684	15,085,308	15,079,978
		87,309,284	80,021,482	15,319,808	15,360,296
Total loans and borrowings:					
Bridging loan	(a)	33,926,202	28,217,945	-	-
Term loans	(a)	22,179,246	24,636,029	319,808	360,296
Trust receipts	(c)	3,837,168	4,490,930	-	-
Revolving credit	(b)	15,000,000	15,000,000	15,000,000	15,000,000
Bank overdrafts	(d)	12,366,668	7,676,578	-	-
		87,309,284	80,021,482	15,319,808	15,360,296

The loans and borrowings bore interest rates at the end of the reporting period as follows:

	Group		Company	
	31.12.2020 %	31.12.2019 %	31.12.2020 %	31.12.2019 %
Trust receipts	6.95	8.20	-	-
Revolving credit	4.44	5.82	4.44	5.82
Bank overdrafts	5.95 to 6.95	7.70 to 8.45	-	-

Notes to the Financial Statements
(Cont'd)

19. LOANS AND BORROWINGS (CONT'D)

The repayment terms of the term and bridging loans are as follows:

Loan	Interest rate	Number of monthly instalment	Monthly installment amount RM	Date of commencement of repayment	Group		Company	
					Amount outstanding 31.12.2020 RM	Amount outstanding 31.12.2019 RM	Amount outstanding 31.12.2020 RM	Amount outstanding 31.12.2019 RM
1	3.45% (31.12.2019: 4.70%)	120	8,330	1 October 2013	319,808	360,296	319,808	360,296
2	6.57% (31.12.2019: 7.82%)	24	417,000 or repayment via redemption sum per unit	6 May 2018	-	1,064,116	-	-
3	6.57% (31.12.2019: 7.82%)	24	209,000 or repayment via redemption sum per unit	5 November 2019	2,377,016	4,822,202	-	-
4	6.57% (31.12.2019: 7.82%)	24	1,500,000 or repayment via redemption sum per unit	5 May 2021	33,926,202	28,217,945	-	-
5	6.45% (31.12.2019: 7.70%)	48	446,328	1 June 2021	18,300,000	18,300,000	-	-
6	5.95% (31.12.2019: 7.20%)	60	1,946	1 April 2019	82,545	89,415	-	-
7	5.45%	60	16,667	1 August 2020	916,665	-	-	-
8	6.45%	36	111,112 or repayment via redemption sum per unit	1 September 2022	183,212	-	-	-
					56,105,448	52,853,974	319,808	360,296

Notes to the Financial Statements (Cont'd)

19. LOANS AND BORROWINGS (CONT'D)

(a) Bridging loan and term loans

Term loan 1 is secured and supported as follows:

- (i) fixed charges over the investment property as disclosed in Note 7 to the financial statements.

Term loans 2 and 3 and bridging loan 4 are secured and supported as follows:

- (i) legal charge over a piece of freehold land together with the project located in Mukim Kuala Lumpur as disclosed in Note 8(b) to the financial statement;
- (ii) personal guarantee of a director of the Company and a third party; and
- (iii) corporate guarantee of the Company.

Term loans 5, 7 and 8 are secured and supported as follows:

- (i) legal charges over a freehold land with the building erected thereon located in Mukim Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor as disclosed in Note 8(b) to the financial statements;
- (ii) first party deed of assignment and charge over all sales proceeds in respect of the proposed development as well as monies available in the Property Development Account ("PDA");
- (iii) personal guarantee of a director of the Company; and
- (iv) corporate guarantee of the Company.

Term loan 6 is secured and supported as follows:

- (i) third party specific debenture by way of fixed and floating charge over two pieces of leasehold commercial land located in Mukim Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka belong to two subsidiaries as disclosed in Note 8(a) to the financial statements;
- (ii) first party deed of assignment and charge over the surplus sales proceeds in respect of the proposed development as well as monies available in the designated account; and
- (iii) corporate guarantee of the Company.

(b) Revolving credit

The revolving credit of the Group and of the Company is secured and supported as follows:

- (i) personal guarantee of a director of the Company; and
- (ii) fixed deposits placed with licensed banks as disclosed in Note 15 to the financial statements.

(c) Trust receipts

The trust receipts of the Group are secured by a personal guarantee of a director of the Company, fixed deposits with licensed banks as disclosed in Note 15 to the financial statements and a corporate guarantee of the Company.

(d) Bank overdrafts

The bank overdrafts of the Group are secured by:

- (i) a personal guarantee of a director of the Company;
- (ii) a third-party specific debenture by way of fixed and floating charge over two piece of leasehold land in Daerah Melaka Tengah, Negeri Melaka belong to two subsidiaries as disclosed in Note 8(a) to the financial statements;
- (iii) a first party deed of assignment and charge over the surplus sales proceeds in respect of proposed development as well as all monies available in the designated account;
- (iv) fixed deposits with licensed banks as disclosed in Note 15 to the financial statements; and
- (v) a corporate guarantee of the Company.

Notes to the Financial Statements
(Cont'd)

20. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		31.12.2020 RM	31.12.2019 RM (Restated)	31.12.2020 RM	31.12.2019 RM
Non-current:					
Trade					
Land cost payables	(a)	28,148,771	42,180,200	-	-
Total trade payables (non-current)		28,148,771	42,180,200	-	-
Current:					
Trade					
Land cost payable	(a)	3,704,865	-	-	-
Trade payables	(b)	45,416,440	42,950,958	-	-
Retention sum		11,138,392	4,980,036	-	-
Total trade payables (current)		60,259,697	47,930,994	-	-
Non-trade					
Other payables		6,892,851	8,321,352	185,996	205,720
Deposits		4,590,800	4,586,658	126,000	-
Accruals		968,608	845,452	224,459	243,576
Accrued costs for completion of projects	(c)	19,429,075	7,059,575	-	-
Amount owing to related parties	(d)	2,695,325	2,582,482	990,851	-
Amount owing to directors	(d)	86,460	96,539	63,000	76,000
Total other payables (current)		34,663,119	23,492,058	1,590,306	525,296
Total trade and other payables (current)		94,922,816	71,423,052	1,590,306	525,296
Total trade and other payables (non-current and current)		123,071,587	113,603,252	1,590,306	525,296

- (a) The non-current land cost payables represent land proprietary entitlements of 50% on development profits of two projects as disclosed in Note 8(b)(ii) and Note 8(b)(iii) to the financial statements.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from cash term to 150 days (31.12.2019: cash term to 150 days). The retention sum is payable upon the expiry of defect liability period.
- (c) Included in accrued costs for completion of projects of the Group at the end of the reporting period:
- is an amount of RM8,465,346 (31.12.2019: RM3,054,448) incurred for development works in relation to a mixed development comprising commercial development and an affordable housing scheme known as "PRIYA Scheme";
 - is an amount of RM5,071,089 (31.12.2019: RM811,168) incurred for development works in relation to a housing and commercial development known as "Isola KLCC"; and
 - is an amount of RM5,892,640 (31.12.2019: RM3,193,959) incurred for construction works in relation to housing and commercial development projects known as "YOLO Signature Suites" and "The Pano".
- (d) The amounts owing to related parties and directors are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Notes to the Financial Statements
(Cont'd)

21. REVENUE

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Revenue from contract customers:				
Construction contracts	24,119,905	32,601,218	-	-
Property development	48,874,441	49,264,891	-	-
	72,994,346	81,866,109	-	-
Revenue from other sources:				
Management fees	-	-	3,763,035	2,933,491
	72,994,346	81,866,109	3,763,035	2,933,491
Timing of revenue recognition:				
Over time	72,994,346	81,866,109	3,763,035	2,933,491

(a) Disaggregation of revenue

The Group and the Company report the following major segments: construction services, property development and investment holdings in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services as disclosed in Note 29 to the financial statements and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

The Group operates its businesses predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

(b) Transaction price allocated to the remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Group	
	31.12.2020 RM	31.12.2019 RM
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
- Construction contracts	119,941,012	132,045,035
- Property development contracts	159,887,036	157,209,454
	279,828,048	289,254,489

The Group will recognise these revenues when the construction works and property development works are completed, which are expected to occur over the period of next three years (31.12.2019: three years) and one to three years (31.12.2019: two years) respectively.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements
(Cont'd)

22. FINANCE COSTS

	Group		Company	
	31.12.2020 RM	31.12.2019 RM (Restated)	31.12.2020 RM	31.12.2019 RM
Interest expenses on:				
- bank overdrafts	397,449	395,830	-	-
- lease liabilities	33,853	22,199	26,383	16,047
- revolving credit	738,369	935,956	738,369	935,956
- trust receipt	380,256	329,132	-	-
- term and bridging loans	51,813	348,306	6,796	19,754
	1,601,740	2,031,423	771,548	971,757

23. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Auditors' remuneration:				
- statutory audit:				
- current year	186,700	178,200	56,000	50,000
- prior year	4,400	(1,000)	-	-
- non-statutory audit fees	28,500	12,000	28,500	12,000
Depreciation of:				
- investment property	41,347	41,349	41,347	41,349
- property, plant and equipment	677,158	692,566	138,128	180,477
- right-of-use assets	326,336	119,782	130,922	82,938
Directors' fees	236,991	226,000	236,991	226,000
Directors' remuneration:				
- salaries and other remuneration	587,500	601,524	587,500	601,524
- defined contribution plans	71,423	72,000	71,423	72,000
- others	1,300	3,000	1,300	3,000
- share-based payments	72,582	-	72,582	-
Expenses relating to:				
- short-term leases	388,500	420,000	22,840	19,900
- leases of low value assets	119,433	124,540	-	-
Gain on disposal of investment in subsidiaries	-	(1,258,818)	-	(1)
Gain on disposal of right-of-use assets	-	(18,272)	-	(18,272)
Net impairment (gain)/losses on trade and other receivables	(3,676,883)	905,060	775,227	-
Impairment loss on investment in an associate	7,023	-	-	-
Interest income	(743,658)	(1,639,416)	(309,872)	(332,846)
Rental income	(53,700)	(119,000)	-	(52,000)
Staff costs:				
- salaries and other remuneration	3,286,748	3,733,252	2,774,009	2,508,931
- defined contribution plans	368,298	428,538	320,618	290,330
- share-based payments	370,977	-	278,233	-
Waiver of debt	(19,027)	-	-	-

Notes to the Financial Statements
(Cont'd)

24. TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Statements of comprehensive income				
Current income tax:				
- current income tax charge	722,532	2,861,542	-	-
- adjustments in respect of prior years	(46,947)	511,731	-	-
	675,585	3,373,273	-	-
Deferred tax:				
- reversal/(origination) of temporary differences	1,460,927	(1,765,451)	1,480,535	(1,255,513)
- adjustments in respect of prior years	(189,124)	-	(225,022)	-
	1,271,803	(1,765,451)	1,255,513	(1,255,513)
Income tax expense/(credit) recognised in profit or loss	1,947,388	1,607,822	1,255,513	(1,255,513)

Income tax is calculated at the Malaysian statutory income tax rate of 24% (31.12.2019: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Profit/(Loss) before tax	2,314,557	10,597,971	(3,996,457)	(2,669,119)
Tax at Malaysian statutory income tax rate of 24% (31.12.2019: 24%)	555,494	2,543,513	(959,150)	(640,589)
Adjustments:				
Share of results of associates	92,270	24,906	-	-
Income not subject to tax	(2,228,044)	(293,719)	(395,893)	-
Non-deductible expenses	1,612,740	1,003,091	621,415	363,200
Utilisation of deferred tax assets previously not recognised	2,150,999	(693,638)	2,214,163	-
Recognition of previously unrecognised tax losses	-	(1,488,062)	-	(978,124)
Adjustment in respect prior years:				
- income tax	(46,947)	511,731	-	-
- deferred tax	(189,124)	-	(225,022)	-
Income tax expense/(credit)	1,947,388	1,607,822	1,255,513	(1,255,513)

Notes to the Financial Statements
(Cont'd)

25. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	31.12.2020 RM	31.12.2019 RM
Profit attributable to owners of the Company	814,612	8,880,697
	Unit	Unit
Weighted average number of ordinary shares in issue:		
Ordinary shares at 1 January	330,808,630	292,465,219
Movement during the financial year:		
- Effect of exercised of Warrants D	1,593,951	1,528
- Effect of conversion of ICPS	12,544,204	3,886,542
- Effect of private placement	27,892,623	29,238,996
Weighted average number of ordinary shares for basic earnings per share	372,839,408	325,592,285
	RM	RM
Basic earnings per ordinary share (sen)	0.22	2.73

(b) Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	31.12.2020 RM	31.12.2019 RM
Profit attributable to owners of the Company	814,612	8,880,697
	Unit	Unit
Weighted average number of ordinary shares in issue:		
Ordinary shares at 1 January	330,808,630	292,465,219
Movement during the financial year:		
- Effect of exercised of Warrants D	1,593,951	1,528
- Effect of conversion of ICPS	12,544,204	3,886,542
- Effect of private placement	27,892,623	29,238,996
Effect of dilution from:		
- Potential conversion of ICPS	42,242,950	60,487,849
- Potential exercise of Warrant D	16,387,362	14,888,332
- Potential exercise of ESOS	57,012	-
Weighted average number of ordinary shares for diluted earnings per share	431,526,732	400,968,466
	RM	RM
Diluted earnings per ordinary share (sen)	0.19	2.21

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
As 31 December 2020		
Financial assets		
Group		
Trade and other receivables	117,373,088	117,373,088
Cash and short-term deposits	35,593,267	35,593,267
	152,966,355	152,966,355
Company		
Trade and other receivables	115,244,881	115,244,881
Cash and short-term deposits	19,169,530	19,169,530
	134,414,411	134,414,411
As 31 December 2020		
Financial liabilities		
Group		
Trade and other payables	(123,071,587)	(123,071,587)
Lease liabilities	(682,665)	(682,665)
Loans and borrowings	(87,309,284)	(87,309,284)
	(211,063,536)	(211,063,536)
Company		
Trade and other payables	(1,590,306)	(1,590,306)
Lease liabilities	(607,871)	(607,871)
Loans and borrowings	(15,319,808)	(15,319,808)
	(17,517,985)	(17,517,985)
As 31 December 2019		
Financial assets		
Group		
Trade and other receivables	112,200,036	112,200,036
Cash and short-term deposits	21,454,229	21,454,229
	133,654,265	133,654,265
Company		
Trade and other receivables	100,600,336	100,600,336
Cash and short-term deposits	11,426,432	11,426,432
	112,026,768	112,026,768

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (cont'd):

	Carrying amount RM	Amortised cost RM
As 31 December 2019		
Financial liabilities		
Group		
Trade and other payables	(113,603,252)	(113,603,252)
Lease liabilities	(648,587)	(648,587)
Loans and borrowings	(80,021,482)	(80,021,482)
	(194,273,321)	(194,273,321)
Company		
Trade and other payables	(525,296)	(525,296)
Lease liabilities	(538,319)	(538,319)
Loans and borrowings	(15,360,296)	(15,360,296)
	(16,423,911)	(16,423,911)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not use derivative financial instruments to hedge certain exposures and do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by their carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

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

	31.12.2020		Group		31.12.2019	
	RM	%	RM	%	RM	%
Trade receivables						
Property development	10,147,062	8	10,576,170	12		
Construction services	49,416,553	42	39,472,368	46		
	59,563,615	50	50,048,538	58		
Contract assets						
Property development	49,273,425	42	32,590,660	37		
Construction services	9,357,184	8	4,051,469	5		
	58,630,609	50	36,642,129	42		
	118,194,224	100	86,690,667	100		

The Company does not have trade receivables as at reporting date.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The Group's major concentration of credit risk relates to the amounts owing by 4 (31.12.2019: 4) customers who constituted approximately 83% (31.12.2019: 78%) of its trade receivables (including related parties) at the end of the reporting period.

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

Group	Gross carrying amount RM	Impairment loss RM	Net balance RM
At 31 December 2020			
Contract assets	58,630,609	-	58,630,609
Trade receivables			
Current (not past due)	8,847,209	-	8,847,209
1 - 30 days past due	846,415	-	846,415
31 - 60 days past due	1,380,970	-	1,380,970
61 - 90 days past due	5,791,996	-	5,791,996
More than 90 days past due	42,697,025	-	42,697,025
Credit impaired (individually assessed)	217,682	(217,682)	-
	59,781,297	(217,682)	59,563,615
Total	118,411,906	(217,682)	118,194,224
At 31 December 2019			
Group			
Contract assets	36,642,129	-	36,642,129
Trade receivables			
Current (not past due)	11,970,734	-	11,970,734
1 - 30 days past due	4,171,492	-	4,171,492
31 - 60 days past due	3,970,081	-	3,970,081
61 - 90 days past due	1,892,182	-	1,892,182
More than 90 days past due	30,726,310	(2,682,261)	28,044,049
Credit impaired (individually assessed)	217,682	(217,682)	-
	52,948,481	(2,899,943)	50,048,538
Total	89,590,610	(2,899,943)	86,690,667

Credit risk arising from construction contracts

For construction contracts, as there are only a few customers, the Group accessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Credit risk arising from property development

The Group does not have any significant credit risk as its services and products are predominantly rendered and sold to large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end financing facilities are limited as the ownership and rights to the properties revert to the Group in the event of default. The Group does not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default and the products do not suffer from physical, technological and fashion obsolescence.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk.

As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 12 to the financial statements.

Refer to Note 3.9(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Notes to the Financial Statements
(Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)****(i) Credit risk (cont'd)****Financial guarantee contracts**

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM71,989,476 (31.12.2019: RM64,661,186) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 26(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds from operational collections to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Group					
At 31 December 2020					
Financial liabilities					
Trade and other payables	123,071,587	95,796,269	30,551,222	-	126,347,491
Term and bridging loans	56,105,448	18,125,310	24,349,042	16,988,482	59,462,834
Trust receipts	3,837,168	4,103,851	-	-	4,103,851
Revolving credit	15,000,000	15,666,000	-	-	15,666,000
Bank overdrafts	12,366,668	7,295,130	6,449,885	-	13,745,015
Lease liabilities	682,665	175,392	541,726	50,608	767,726
	211,063,536	141,161,952	61,891,875	17,039,090	220,092,917
At 31 December 2019					
Financial liabilities					
Trade and other payables	113,603,252	74,364,834	46,393,942	-	120,758,776
Term and bridging loans	52,853,974	16,507,759	40,449,030	2,047,429	59,004,218
Trust receipts	4,490,930	4,859,186	-	-	4,859,186
Revolving credit	15,000,000	15,873,000	-	-	15,873,000
Bank overdrafts	7,676,578	8,291,087	-	-	8,291,087
Lease liabilities	648,587	146,568	455,922	137,488	739,978
	194,273,321	120,042,434	87,298,894	2,184,917	209,526,245

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (cont'd):

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Company					
At 31 December 2020					
Financial liabilities					
Other payables	1,590,306	1,590,306	-	-	1,590,306
Term loans	319,808	93,000	248,651	-	341,651
Revolving credit	15,000,000	15,666,000	-	-	15,666,000
Lease liabilities	607,871	129,638	509,688	50,608	689,934
Financial guarantee contracts	-	71,989,476	-	-	71,989,476
	17,517,985	89,468,420	758,339	50,608	90,277,367
At 31 December 2019					
Financial liabilities					
Other payables	525,296	525,296	-	-	525,296
Term loans	360,296	99,960	315,409	-	415,369
Revolving credit	15,000,000	15,873,000	-	-	15,873,000
Lease liabilities	538,319	103,812	381,129	137,488	622,429
Financial guarantee contracts	-	64,661,186	-	-	64,661,186
	16,423,911	81,263,254	696,538	137,488	82,097,280

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as results of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's do not hedge their interest rate risk.

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in rate %	Effect on profit for the financial year RM	Effect on Equity RM
Group			
31 December 2020	+ 10%	(8,730,928)	(8,730,928)
	- 10%	8,730,928	8,730,928
31 December 2019	+ 10%	(8,002,148)	(8,002,148)
	- 10%	8,002,148	8,002,148
Company			
31 December 2020	+ 10%	(1,531,981)	(1,531,981)
	- 10%	1,531,981	1,531,981
31 December 2019	+ 10%	(1,536,030)	(1,536,030)
	- 10%	1,536,030	1,536,030

(c) Fair value measurement

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

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2019: no transfer in either directions).

Notes to the Financial Statements
(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (cont'd)

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

	Total RM	Fair value			Total
		Level 1	Level 2	Level 3	
Group					
31 December 2020					
Financial assets					
Other receivables (non-current)	14,709,074	-	-	14,709,074	14,709,074
Financial liabilities					
Trade payables (non-current)	28,148,771	-	-	28,148,771	28,148,771
31 December 2019					
Financial assets					
Other receivables (non-current)	14,456,076	-	-	14,456,076	14,456,076
Financial liabilities					
Trade payables (non-current)	42,180,200	-	-	42,180,200	42,180,200

Level 3 fair valueFair value of financial instruments not carried at fair value

The fair value of other receivables and trade payables are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

The fair value, which are for disclosure purposes, have been determined using the following basis:

- (i) The fair value of the Group's other receivable (non-current) is calculated based on present value of the projected repayment of loans; and
- (ii) The fair value of the Group's trade payables (non-current) is calculated based on the present value of the trade payables' entitlement of 50% on development of the parcel of land belonging to trade payables as disclosed in Note 20(a) to the financial statements.

Fair value hierarchy is not presented for those financial assets and financial liabilities of the Group and the Company which are not carried at fair value by any valuation method.

Notes to the Financial Statements
(Cont'd)**27. RELATED PARTIES****(a) Identification of related parties**

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associates;
- (iii) Entities in which directors have substantial financial interest; and
- (iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Progress billings				
Entity in which a director has a substantial financial interests	19,604,002	26,287,790	-	-
Subcontractor fees				
Entity in which a director has a substantial financial interests	434,124	3,000,000	-	-
Marketing fees				
Entity in which a director has a substantial financial interests	1,808,707	3,784,026	-	-
Management fees				
Subsidiaries	-	-	(3,763,035)	(2,933,491)

(c) Compensation of key management personnel

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Short-term employee benefits	2,488,397	1,996,374	2,488,397	1,996,374
Post-employment employee benefits	260,436	211,848	260,436	211,848
Share-based payments	153,229	-	153,229	-
	2,902,062	2,208,222	2,902,062	2,208,222

Notes to the Financial Statements
(Cont'd)**28. CAPITAL MANAGEMENT**

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustment to it, in light to changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group and the Company monitor capital using debt-to-equity ratio. The debt-to-equity ratio is calculated as total loans and borrowings divided by total equity. The debt-to-equity ratio as at the reporting date are as follows:

	Group		Company	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Loans and borrowings	87,309,284	80,021,482	15,319,808	15,360,296
Total debts	87,309,284	80,021,482	15,319,808	15,360,296
Total equity	148,719,056	123,061,674	130,447,644	110,409,401
Debt-to-equity ratio	59%	65%	12%	14%

There was no change in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are required to comply with certain debts equity ratios in respect of their credit facilities.

Gearing ratios are not governed by the MFRSs and their definitions and calculations may vary between reporting entities.

29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director ("MD") for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Products and services
Construction services	Construction of residential and commercial properties.
Property development	Development and sales of residential and commercial properties.
Others	Investment holdings company and subsidiaries not reported in above segments.

Notes to the Financial Statements (Cont'd)

29. SEGMENT INFORMATION (CONT'D)

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as the Group MD believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group MD.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group MD. Hence, no disclosures are made on segment liabilities.

Notes to the Financial Statements
(Cont'd)

29. SEGMENT INFORMATION (CONT'D)

	Note	Construction RM	Property development RM	Others RM	Adjustments and eliminations RM	Total RM
At 31 December 2020						
Revenue:						
Revenue from external customers		24,119,905	48,874,441	-	-	72,994,346
Inter-segment revenue	A	843,188	703,946	3,763,035	(5,310,169)	-
		24,963,093	49,578,387	3,763,035	(5,310,169)	72,994,346
Results						
<i>Included in the measure of segment profit/(loss)</i>						
Operating results		3,390,305	789,417	(3,112,509)	(142,158)	925,055
Depreciation and amortisation		(89,391)	(579,970)	(320,631)	(54,849)	(1,044,841)
Impairment gain on trade and other receivables		960,413	-	60,707	2,655,763	3,676,883
Interest expenses		(806,544)	(58,655)	(771,548)	35,007	(1,601,740)
Interest income		126,873	306,900	309,885	-	743,658
		3,581,656	457,692	(3,834,096)	2,493,763	2,699,015
Reportable segment profit/(loss)						
<i>Not included in the measure of segment profit/(loss)</i>						
Share of results of associates		(384,458)	-	-	-	(384,458)
		3,197,198	457,692	(3,834,096)	2,493,763	2,314,557
Tax expense		(281,249)	(403,249)	(1,262,890)	-	(1,947,388)
		2,915,949	54,443	(5,096,986)	2,493,763	367,169
Profit/(loss) for the financial year						
Assets:						
Investments in associates		391,631	-	-	-	391,631
Addition to capital expenditure		333,518	-	224,000	-	557,518
		60,432,870	287,306,355	172,159,751	(155,579,939)	364,319,037
Segment assets						

Notes to the Financial Statements
(Cont'd)

29. SEGMENT INFORMATION (CONT'D)

	Note	Construction RM	Property development RM	Others RM	Adjustments and eliminations RM	Total RM
At 31 December 2019						
Revenue:						
Revenue from external customers		32,601,218	49,264,891	-	-	81,866,109
Inter-segment revenue	A	2,946,150	-	2,933,491	(5,879,641)	-
		35,547,368	49,264,891	2,933,491	(5,879,641)	81,866,109
Results						
<i>Included in the measure of segment profit/(loss)</i>						
Operating results		8,651,595	7,355,457	(1,789,466)	(2,642,166)	11,575,420
Depreciation and amortisation		(62,264)	(486,669)	(304,764)	-	(853,697)
Gain on disposal of right-of-use assets		-	-	18,272	-	18,272
Gain on disposal of subsidiaries		-	-	-	1,258,818	1,258,818
Impairment losses on trade and other receivables		(805,060)	(100,000)	-	-	(905,060)
Interest expenses		(731,114)	(328,552)	(971,757)	-	(2,031,423)
Interest income		991,089	310,349	337,978	-	1,639,416
		8,044,246	6,750,585	(2,709,737)	(1,383,348)	10,701,746
Reportable segment profit/(loss)		(103,775)	-	-	-	(103,775)
<i>Not included in the measure of segment profit/(loss)</i>						
Share of results of associates						
		7,940,471	6,750,585	(2,709,737)	(1,383,348)	10,597,971
Segment profit/(loss)		(1,222,527)	(1,628,057)	1,242,762	-	(1,607,822)
Tax (expenses)/credit						
		6,717,944	5,122,528	(1,466,975)	(1,383,348)	8,990,149
Profit/(loss) for the financial year	B					
Assets:						
Investments in associates		383,112	-	-	-	383,112
Addition to capital expenditure		98,105	86,100	517,498	-	701,703
		59,007,056	216,077,494	164,612,350	(119,325,335)	320,371,565
Segment assets	C					

Notes to the Financial Statements
(Cont'd)**29. SEGMENT INFORMATION (CONT'D)**

Reconciliation of reportable segment revenue, profit or loss, assets and other material items are as follows:

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	31.12.2020 RM	31.12.2019 RM
Elimination of inter-segment unrealised profit	3,048,636	(2,642,166)
Gain on disposal of subsidiaries	-	1,258,818
Unallocated other corporate expenses	(554,873)	-
	2,493,763	(1,383,348)

C Reconciliation of assets

	31.12.2020 RM	31.12.2019 RM
Fair value adjustments on assets through acquisition of subsidiaries	14,426,941	2,125,754
Investment in associates	391,631	383,112
Inter-segment assets	(170,398,511)	(121,834,201)
	(155,579,939)	(119,325,335)

Geographical information

The Group operates predominantly in Malaysia and has not ventured into any operations outside Malaysia during the financial year. Accordingly, the information by geographical segment is not presented.

Information about major customers

The following are major customers with revenue equal to or more than 10% of Group revenue:

	Group 31.12.2020 RM	Group 31.12.2019 RM	Segments
Customer A	10,561,903	24,546,218	Construction

Notes to the Financial Statements (Cont'd)

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 2 January 2020, ODKSB had at the request of SSPP Development Sdn. Bhd. ("SSPP") vide SSPP solicitors' letter dated 31 December 2019 agreed to extend the time frame for Conditions Precedent under Section 3 of the Joint Venture Agreement dated 1 June 2015 to be extended for another one (1) year from 30 May 2019 and to be expiring on 30 May 2020 as SSPP's application to the State Authorities for the conversion of the said land is still in progress.

On 4 June 2020, ODKSB had granted SSPP an extension of time frame for the Condition Precedent under Section 3 of the Joint Venture Agreement dated 1 June 2015 to be extended for another six (6) months from 1 June 2020 and to be expiring on 30 November 2020 as SSPP's application to the State Authorities for the conversion of the said land is still in progress.

On 24 November 2020, ODKSB further granted SSPP an extension of time to 31 May 2021.

- (b) On 10 March 2020, FSSB has terminated the Joint Venture Agreement dated 17 May 2019 entered with D'nonce Properties Sdn. Bhd. ("DNP"), a wholly owned subsidiary of D'nonce Technology Berhad ("D'nonce") and reserve the rights to claim against DNP under the Joint Venture Agreement and the laws.

Upon the execution of the Joint Venture Agreement, FSSB had paid RM100,000 as deposit to DNP.

- (c) On 1 June 2020, OLDSB has entered into a Joint Development Agreement ("JDA") with OCR Development Sdn. Bhd., a related party of the Company, to jointly develop a piece of leasehold land located in Mukim Sungai Buloh, District of Petaling, Negeri Selangor Darul Ehsan.
- (d) On 18 June 2020, LSSB entered into a Joint Venture and Shareholder's Agreement ("JVSA") with Perbadanan Kemajuan Negeri Pahang ("PKNP") for the purpose of investment into a joint venture company known as Taraf Raya Sdn. Bhd. ("TRSB").

On 21 December 2020, TRSB entered into a Memorandum of Understanding ("MOU") with PKNP and Landasan Surimas Sdn. Bhd. ("LSSB") for exploring the prospects of forming a strategic collaboration involving implementation of the East Coast Rail Project ("Project").

- (e) COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2020.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

Notes to the Financial Statements
(Cont'd)**31. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

- (a) On 6 Jan 2021, 8 Jan 2021, 18 Jan 2021, 4 Feb 2021, 10 Feb 2021, 26 Feb 2021, 23 Mar 2021, 6 April 2021 and 14 April 2021, there are total 2,863,500 ordinary shares of RM 0.50 each have been issued pursuant to the conversion of 28,635,000 ICPS to 2,863,500 new ordinary shares by the conversion ratio of 10 units ICPS to 1 new ordinary share.
- (b) On 1 April 2021, the Company allotted and issued a total of 50,000,000 subscription of new ordinary shares at an issue price of RM0.2187.
- (c) The Company had on 9 April 2021 entered into the following heads of agreements:
- (i) Heads of agreement between the Company, Mr. Ong Kah Hoe ("OKH") and Mr. Tan Chin Hoong ("TCH") ("Stack Builder HOA") for the following:
- (a) proposed acquisition by the Company of up to such number of ordinary shares in Stack Builder Sdn. Bhd. ("Stack Builder") to be determined from OKH for a purchase consideration to be negotiated and agreed upon ("Proposed Acquisition of Stack Builder");
- (b) proposed settlement of debt owing by Stack Builder to OKH in the sum to be determined ("Proposed Debt Settlement to OKH"); and
- (c) proposed settlement of debt owing by Stack Builder to TCH in the sum to be determined ("Proposed Debt Settlement to TCH").
- (ii) Heads of agreement between the Company, OKH, Mr. Low Kin Kok ("LKK"), Mr. Chong Tze Ban ("CTB") and Mr. Low Kien Poh ("LKP") (OKH, LKK, CTB and LKP are collectively referred to as the "Wonderland Vendors") ("Wonderland HOA") for the following:
- (a) proposed acquisition by the Company of up to such number of ordinary shares in Wonderland Projects Sdn. Bhd. ("Wonderland") to be determined from the Wonderland Vendors for a purchase consideration to be negotiated and agreed upon ("Proposed Acquisition of Wonderland"); and
- (b) proposed settlement of debts owing by Wonderland to the Wonderland Vendors in the sum to be determined ("Proposed Debt Settlement to the Wonderland Vendors").

32. MATERIAL LITIGATIONIsmail Bin Othman v Duta Skyline Sdn. Bhd. ("DSSB") and Amazing Symphony Sdn. Bhd. ("ASSB")

ASSB, a wholly owned subsidiary of the Company, had entered into a joint venture agreement dated 22 April 2019 with DSSB ("JVA") for the purpose of the development of a parcel of freehold land held under GRN 23940, Lot 613, Mukim Ulu Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan, measuring approximately 501.5 acres owned by DSSB ("Lot 613 Land"). Pursuant thereto, DSSB had also executed an irrevocable limited power of attorney in favour of ASSB ("Power of Attorney").

On 28 August 2019, Ismail Bin Othman, one of the Directors of DSSB ("Plaintiff"), filed an originating summons ("OS") against DSSB (being the first defendant) and ASSB (being the second defendant) at the Shah Alam High Court, where the Plaintiff sought, amongst others:

- (i) a declaration that the JVA is null and void ab initio and of no effect whatsoever; and
- (ii) as consequence of the above, an order that the Power of Attorney be revoked and/or cancelled.

The Plaintiff had also filed an application for injunction dated 28 August 2019 to, amongst others, restrain both DSSB and ASSB from acting upon and/or giving effect in any manner to the JVA and the Power of Attorney and dealing with the Lot 613 Land ("Injunction Application").

Notes to the Financial Statements (Cont'd)

32. MATERIAL LITIGATION (CONT'D)

Ismail Bin Othman v Duta Skyline Sdn. Bhd. ("DSSB") and Amazing Symphony Sdn. Bhd. ("ASSB") (cont'd)

On 11 September 2019, the Plaintiff applied for and was granted an ad interim injunction until 30 September 2019, subject to undertaking as to damages ("Ad Interim Injunction").

ASSB and DSSB filed an application to strike out the OS on 20 September 2019 and 24 September 2019 respectively ("Striking Out Applications").

On 30 September 2019, the Plaintiff applied for and was granted an extension of the Ad Interim Injunction until 14 October 2019.

The Plaintiff was subsequently granted with another extension of the Ad Interim Injunction until the disposal of the Injunction Application and Striking Out Applications, subject to undertaking as to damages.

The Injunction Application and the Striking Out Applications were scheduled to be heard on 10 January 2020.

On 10 January 2020, the hearing was vacated as the Judge had to attend a function. The next hearing date which was fixed on 20 April 2020 was rescheduled to 7 July 2020 in view of the court closure during the Movement Control Order of Malaysia which was enforced from 18 March 2020 to 12 May 2020.

On 10 June 2020, the Court allowed the Plaintiff's request to vacate the hearing fixed on 7 July 2020 because a restraining order dated 18 May 2020 ("RO") was obtained in the High Court Originating Summons No. WA-24NCC-70-02/2020 ("OS 70"). A new hearing date of the OS, the Injunction Application, and the Striking Out Applications was subsequently fixed on 10 September 2020.

On 10 September 2020, the Plaintiff's solicitors informed the Court that:

- (i) the RO obtained was further extended until the disposal of the OS 70; and
- (ii) OS 70 was fixed for hearing on 17 September 2020.

The Court then proceeded to fix the above matter for case management on 29 September 2020 for parties to update the Court on the status of the OS 70 and whether the RO would be further extended.

On 17 September 2020, the application for an extension of the RO was not granted by the Court.

On 29 September 2020, the Court had fixed the OS, the Injunction Application and the Striking Out Applications for hearing on 12 November 2020 before the Judicial Commissioner Dato' Julie Lack.

The hearing originally fixed on 12 November 2020 was vacated and rescheduled to 2 February 2021 by the Court due to the extension of Conditional Movement Control Order.

The hearing on 2 February 2021 was vacated and a case management was fixed on 8 April 2021 in light of the Movement Control Order and the restraining order granted against DSSB in High Court Originating Summons No. BA-24NCC-141-12/2020 ("OS 141").

On 8 April 2021, the Plaintiff's solicitors informed the Court that the restraining order granted in OS 141 had expired and no further extension to the restraining order was granted. However, the application for an extension of the restraining order is fixed for hearing on 4 May 2021. As a result, the Court fixed a case management on 5 May 2021 for Plaintiff to update the Court on the status of the hearing of the application for an extension of the restraining order in OS 141.

The solicitors for ASSB are of the view that ASSB has a reasonably good chance in resisting the OS.

Notes to the Financial Statements
(Cont'd)**33. COMPARATIVE FIGURES**

The comparative figures have been audited by another firm of chartered accountants other than Messrs Baker Tilly Monteiro Heng PLT.

- (a) In prior years, the Group had classified discount allowed to purchasers, legal fees pay on behalf of purchasers as contract costs when it is part of transaction price under MFRS 15 *Revenue from Contract Customers* and should be reduction in revenue.

Also, the Group had classified the land and development costs belong to sold units under contract costs which should be accounted for as inventories.

Adjustments have been made to reclass the assets above from contract costs to contract assets and inventories accordingly.

- (b) In prior years, the Group had capitalised commission incurred in obtaining contracts as inventories when it should be accounted for as contract costs. Adjustments have been made to reclass the assets above from inventories to contract costs.
- (c) Reclassification adjustments had been made to reclassify the advance payment made by contract customers recognised under other payables to contract liabilities and to offset against contract assets of the Group.
- (d) In prior years, the Group's non-controlling interests in a subsidiary was wrongly recorded. Hence, prior years adjustments have been made to rectify the non-controlling interests.
- (e) The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except certain comparative figures have been restated to conform with current year's presentation.

Notes to the Financial Statements
(Cont'd)

33. COMPARATIVE FIGURES (CONT'D)

- (f) The audited financial statements of the Group for the financial years ended 31 December 2019 and 31 December 2018 were restated during the financial year as follows:

Group	As previously reported RM	Adjustment RM	As restated RM
Statements of financial position			
As at 31 December 2019			
Current assets			
Inventories	90,373,929	12,234,646	102,608,575
Contract costs	34,791,371	(24,669,284)	10,122,087
Contact assets	27,149,273	9,492,856	36,642,129
Current liabilities			
Trade and other payables	(74,364,834)	2,941,782	(71,423,052)
Equity			
Accumulated losses	(23,443,823)	(788,358)	(24,232,181)
Non-controlling interests	(1,342,651)	788,358	(554,293)
As at 31 December 2018			
Current assets			
Inventories	62,501,740	10,246,617	72,748,357
Contract costs	28,263,162	(20,843,999)	7,419,163
Contact assets	5,501,094	8,064,103	13,565,197
Current liabilities			
Trade and other payables	(46,741,864)	2,533,279	(44,208,585)
Equity			
Accumulated losses	(26,628,581)	(788,358)	(27,416,939)
Non-controlling interests	(1,407,136)	788,358	(618,778)
Statements of comprehensive income			
For the financial year ended 31 December 2019			
Other income	2,701,896	323,157	3,025,053
Finance costs	(1,708,266)	(323,157)	(2,031,423)

LIST OF PROPERTIES

as at 31 December 2020

Location	Description	Tenure	Net Book Value as at 31-12-2020 RM	Date of Revaluation
Lot No. 5619 Mukim Pekan Kinrara District of Petaling Selangor Darul Ehsan	A unit of 6 years of 3 ½ storey shop-offices with total built up area 5,652 sq.ft.	Freehold	1,771,051	24 October 2016
Lot 53403 & Lot 53404, Hill Street Kajang, Bandar Kajang, District of Hulu Langat, Selangor Darul Ehsan	161,954 sq.ft of vacant development land zoned for residential	Leasehold	10,894,904	18 November 2019

ANALYSIS OF SHAREHOLDINGS

as at 8 April 2021

STATISTICS OF ORDINARY SHAREHOLDINGS AS AT 8 APRIL 2021

Class of Shares	: Ordinary Shares
Total Number of Issued Shares	: 508,791,268
Issued and Paid-up Capital	: RM149,260,780.53
Voting Rights	: One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2021

Size of Holdings	No. of shareholders	No. of Shares	Percentage of Shares %
1 – 99	115	4,751	0.00
100 - 1,000	224	129,753	0.03
1,001 - 10,000	1,675	10,738,374	2.11
10,001 - 100,000	2,134	80,960,461	15.91
100,001 to less than 5% of issued shares	466	317,079,229	62.32
5% and above of issued shares	3	99,878,700	19.63
Total	4,617	508,791,268	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 8 APRIL 2021

No.	Name of Substantial Shareholders	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	ACE CREDIT (M) SDN. BHD.	39,424,700	7.75	-	-
2	DATO' KOON POH TAT	29,239,000	5.75	-	-
3	OCR LAND HOLDINGS SDN. BHD.	31,215,000	6.14	-	-
4	ONG KAH HOE	24,442,600	4.80	41,378,800	8.13

DIRECTORS' INTERESTS IN SHARES AS AT 8 APRIL 2021

No.	Name of Substantial Shareholders	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	TUNKU AZUDINSHAH IBNI TUNKU ANNUAR	-	-	-	-
2	ONG KAH HOE	24,442,600	4.80	41,378,800 ⁽¹⁾	8.13
3	LEE CHIN CHEH	-	-	-	-
4	HJ. ABDULLAH BIN ABDUL RAHMAN	-	-	-	-
5	ADMIRAL TAN SRI DATO SERI PANGLIMA AHMAD KAMARULZAMAN HJ AHMAD BADARUDDIN (RETIRED)	-	-	-	-
6	CHONG MIN SHIH	-	-	-	-
7	JULIAN KOH LU ERN	-	-	-	-
8	DATO' HAJI MOHD FAKRUNIZAM BIN IBRAHIM	-	-	-	-

Note:

⁽¹⁾ Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., Pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct shareholdings.

Analysis of Shareholdings
as at 8 April 2021 (Cont'd)**LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2021)**

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ACE CREDIT (M) SDN BHD	39,424,700	7.75
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN. BHD.	31,215,000	6.14
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	29,239,000	5.75
4	PELABURAN MARA BERHAD	10,000,000	1.97
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (020) (THIRD PARTY)	9,405,400	1.85
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	8,988,200	1.77
7	YAYASAN GURU TUN HUSSEIN ONN	8,000,000	1.57
8	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (MARGIN)	6,873,700	1.35
9	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BHD FOR BIMB I TACTICAL FUND	6,300,000	1.24
10	LIM KIM CHAI	6,000,000	1.18
11	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	6,000,000	1.18
12	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ELIAS BIN ABDULLAH NG (M&A)	5,573,000	1.10
13	LEE HOCK SENG	5,440,000	1.07
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)	5,400,000	1.06
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (6000713)	4,981,600	0.98
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHNG TEONG SENG	4,930,000	0.97
17	KOK YEW FATT	4,550,000	0.89
18	MAH SIEW HOE	4,550,000	0.89
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PEMBANGUNAN SUMBER MANUSIA BERHAD	4,314,900	0.85
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND (940160)	3,800,000	0.75
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG SENG CHUAN (NGS0110C)	3,650,000	0.72
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEOW KAY PIN (E-SS2)	3,206,000	0.63
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH WEE	3,181,900	0.63
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE	3,181,900	0.63
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YEW MING	3,181,900	0.63
26	PHANG POOI LING	3,100,000	0.61
27	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR STRONGLEAP SDN BHD (MARGIN)	3,025,000	0.59
28	NG CHOR KUAN	3,000,000	0.59
29	LIANG CHEE FONG	2,805,200	0.55
30	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	2,600,000	0.51
	TOTAL	235,917,400	46.37

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDINGS

as at 8 April 2021

Class of Shares : Irredeemable Convertible Preference Share ("ICPS")
Total Number of Issued ICPS : 285,453,397

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2021

Size of Holdings	No. of shareholders	No. of Shares	Percentage of Shares %
1 – 99	4	115	0.00
100 - 1,000	15	8,400	0.00
1,001 - 10,000	110	822,332	0.29
10,001 - 100,000	492	26,621,550	9.26
100,001 to less than 5% of issued shares	357	243,001,000	84.54
5% and above of issued shares	1	17,000,000	5.91
Total	979	287,453,397	100.00

DIRECTORS' INTERESTS IN ICPS AS AT 8 APRIL 2021

No.	Name of Directors	No. of ICPS held		No. of ICPS held	
		Direct	Percentage of ICPS Held (%)	Indirect	Percentage of ICPS Held (%)
1	TUNKU AZUDINSHAH IBNI TUNKU ANNUAR	-	-	-	-
2	ONG KAH HOE	-	-	3,000,000 ⁽¹⁾	1.04
3	LEE CHIN CHEH	-	-	-	-
4	HJ. ABDULLAH BIN ABDUL RAHMAN	-	-	-	-
5	ADMIRAL TAN SRI DATO SERI PANGLIMA AHMAD KAMARULZAMAN HJ AHMAD BADARUDDIN (RETIRED)	-	-	-	-
6	CHONG MIN SHIH	-	-	-	-
7	JULIAN KOH LU ERN	-	-	-	-
8	DATO' HAJI MOHD FAKRUNIZAM BIN IBRAHIM	-	-	-	-

Note:

⁽¹⁾ Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., Pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct shareholdings.

Analysis of Irredeemable Convertible Preference Shareholdings as at 8 April 2021 (Cont'd)

LIST OF TOP 30 LARGEST ICPS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2021)

No.	Name of Shareholders	No. of Shares	Percentage of ICPS held (%)
1	MAIDEN ABDUL KADIR BIN MOHD ALI	17,000,000	5.91
2	EIK CHU YEW	10,000,000	3.48
3	KAN YOON KEONG	8,587,000	2.99
4	NG CHIN SOON	8,500,000	2.96
5	NG CHOR KUAN	6,000,000	2.09
6	LIM CHEE LIANG	4,761,400	1.66
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAI CHOI SANG	4,538,600	1.58
8	LEE AH BENG	4,120,200	1.43
9	LEE BOK LEONG	4,000,000	1.39
10	ONG KIAN HUAT	4,000,000	1.39
11	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SAU BING (MARGIN)	3,351,000	1.17
12	GLOBAL ASSET TRUSTEE (M) BERHAD RONFIELD LIMITED	3,000,000	1.04
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZULKARNIN BIN ARIFFIN	3,000,000	1.04
14	ONG KAH WEE	3,000,000	1.04
15	FOONG WEI KUONG	2,857,100	0.99
16	TENG SWEE HIN	2,677,100	0.93
17	NG SENG HOONG	2,640,000	0.92
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BOH TEIK HWA (THE CURVE-CL)	2,549,500	0.89
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD YONG CHIN SUAN	2,268,000	0.79
20	KENNETH LEE KOK MENG	2,140,000	0.74
21	KOH SOON KIAT	2,100,000	0.73
22	LEE SEAI MOOI	2,000,000	0.70
23	LIM SHAVE HUAT	2,000,000	0.70
24	ONG CHEONG KIAT	2,000,000	0.70
25	ZAKARIA BIN ARSHAD	2,000,000	0.70
26	SIVAKUMAR A/L KARUPPANAN	1,854,400	0.65
27	GOH KAI-ZONG	1,850,000	0.64
28	YIP CHUN MEI	1,826,800	0.64
29	ANNE WONG MEE FONG	1,750,000	0.61
30	WONG CHOU HUI	1,710,000	0.59
TOTAL		118,081,100	41.09

ANALYSIS OF WARRANT C (OCR-WC) HOLDINGS

as at 8 April 2021

Class of Shares : Warrant C (OCR-WC)
Total Number of OCR-WC : 66,141,269

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2021

Size of Holdings	No. of shareholders	No. of Shares	Percentage of Shares %
1 – 99	9	370	0.00
100 - 1,000	51	27,293	0.04
1,001 - 10,000	215	1,290,706	1.95
10,001 - 100,000	380	17,465,100	26.41
100,001 to less than 5% of issued shares	129	41,309,200	62.46
5% and above of issued shares	1	6,048,600	9.14
Total	785	66,141,269	100.00

DIRECTORS' INTERESTS IN WARRANT C (OCR-WC) AS AT 8 APRIL 2021

No.	Name of Directors	No. of Warrant C held		No. of Warrant C held	
		Direct	Percentage of Warrant C Held (%)	Indirect	Percentage of Warrant C Held (%)
1	TUNKU AZUDINSHAH IBNI TUNKU ANNUAR	-	-	-	-
2	ONG KAH HOE	-	-	-	-
3	LEE CHIN CHEH	-	-	-	-
4	HJ. ABDULLAH BIN ABDUL RAHMAN	-	-	-	-
5	ADMIRAL TAN SRI DATO SERI PANGLIMA AHMAD KAMARULZAMAN HJ AHMAD BADARUDDIN (RETIRED)	-	-	-	-
6	CHONG MIN SHIH	-	-	-	-
7	JULIAN KOH LU ERN	-	-	-	-
8	DATO' HAJI MOHD FAKRUNIZAM BIN IBRAHIM	-	-	-	-

Analysis of Warrant C (OCR-WC) Holders
as at 8 April 2021 (Cont'd)**LIST OF TOP 30 WARRANT C (OCR-WC) HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2021)**

No.	Name of Shareholders	No. of Shares	Percentage (%)
1	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (HOUSE ACCOUNT)	6,048,600	9.15
2	MOHAMAD SHAHRUL SUHAILEY BIN MOHAMAD SHAMSUDDIN	3,000,000	4.54
3	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHOOI CHUNG CHIH	1,614,700	2.44
4	EDI SAZALI BIN MD. MUSTAM	1,447,600	2.19
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD TULASIAMAH A/P NADASON	1,000,000	1.51
6	YOW TOH GEE	1,000,000	1.51
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MOHAMMAD SUBRI BIN ABU BAKAR	999,300	1.51
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR NG MONG ING (E-TMI)	789,000	1.19
9	MOHAMMAD AZARUL ZAMAN BIN MAZLAN	785,000	1.19
10	SHEH SIEW CHENG	697,000	1.05
11	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR WILLIAM THONG TUCK WENG	671,000	1.01
12	NENG AIK HONG	599,900	0.91
13	LEE KOK SEE	560,000	0.85
14	MUHAMAD ZAMRI BIN AZIZ	548,000	0.83
15	MOHD NASRUL BIN ABDULLAH	505,000	0.76
16	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	500,000	0.76
17	LEK PEI SZE	500,000	0.76
18	MAZNITA BINTI MOHAMED	500,000	0.76
19	MOHAMAD SHAHRUL NIZAM BIN ABU MASOR	500,000	0.76
20	MOHAMED SUFIAN BIN MOHAMED ZAIN	500,000	0.76
21	MOHD SOFFEE BIN SAMSUL BAHARIN	500,000	0.76
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD DZULFADLI BIN HJ IBRAHIM	499,800	0.76
23	KWONG MING MEAN	499,000	0.75
24	MOHD SHUKUR BIN MUSTAFFA	466,000	0.71
25	MOHD ROSLAN BIN HASSAN	460,100	0.70
26	LEE LIH CHOO	435,000	0.66
27	MUHAMMAD ZAKWAN BIN ABU BAKAR	432,400	0.65
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD DGED SECURITIES ACCOUNT FOR MOHD AZMI BIN MUSTAFA	410,000	0.62
29	LEONG KHAI THYE	400,000	0.60
30	MUHAMAD MUDZAMIN BIN MD RASHID	400,000	0.60
TOTAL		27,267,400	41.25

ANALYSIS OF WARRANT D (OCR-WD) HOLDINGS

as at 8 April 2021

STATISTICS OF WARRANT D (OCR-WD) HOLDINGS AS AT 8 APRIL 2021

Class of Shares : Warrant D (OCR-WD)
Total Number of OCR-WC : 89,109,722

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2021

Size of Holdings	No. of shareholders	No. of Shares	Percentage of Shares %
1 – 99	371	12,298	0.01
100 - 1,000	338	176,596	0.20
1,001 - 10,000	506	2,081,666	2.34
10,001 - 100,000	295	11,735,200	13.17
100,001 to less than 5% of issued shares	131	61,672,891	69.21
5% and above of issued shares	2	13,431,071	15.07
Total	1,643	89,109,722	100.00

DIRECTORS' INTERESTS IN WARRANT D (OCR-WD) AS AT 8 APRIL 2021

No.	Name of Directors	No. of Warrant D held		No. of Warrant D held	
		Direct	Percentage of Warrant D Held (%)	Indirect	Percentage of Warrant D Held (%)
1	TUNKU AZUDINSHAH IBNI TUNKU ANNUAR	-	-	-	-
2	ONG KAH HOE	6,983,599	7.84	11,822,510 ⁽¹⁾	13.27
3	LEE CHIN CHEH	-	-	-	-
4	HJ. ABDULLAH BIN ABDUL RAHMAN	-	-	-	-
5	ADMIRAL TAN SRI DATO SERI PANGLIMA AHMAD KAMARULZAMAN HJ AHMAD BADARUDDIN (RETIRED)	-	-	-	-
6	CHONG MIN SHIH	-	-	-	-
7	JULIAN KOH LU ERN	-	-	-	-
8	DATO' HAJI MOHD FAKRUNIZAM BIN IBRAHIM	-	-	-	-

Note:

⁽¹⁾ Deemed interested by virtue of Mr. Ong Kah Hoe's interest in OCR Land Holdings Sdn. Bhd., Pursuant to Section 8 of the Companies Act, 2016 and Mr. Ong Kah Hoe's parents and siblings' direct shareholdings.

Analysis of Warrant D (OCR-WD) Holders
as at 8 April 2021 (Cont'd)**LIST OF TOP 30 WARRANT D (OCR-WD) HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2021)**

No.	Name of Shareholders	No. of Shares	Percentage (%)
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OCR LAND HOLDINGS SDN. BHD.	8,918,571	10.01
2	LING MIAN KHOON	4,512,500	5.06
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	4,000,000	4.49
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (020) (THIRD PARTY)	2,687,257	3.02
5	TAN SOON TEONG	2,132,900	2.39
6	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (MARGIN)	1,963,914	2.20
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YEE BOON	1,910,500	2.14
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEN CHING YEE	1,860,500	2.09
9	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	1,714,285	1.92
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	1,500,000	1.68
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (6000713)	1,423,314	1.60
12	CHA WEAY CHIA	1,248,000	1.40
13	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG SOON CHYE (M&A)	1,070,000	1.20
14	POH CIN LIANG	1,000,000	1.12
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH WEE	909,114	1.02
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE	909,114	1.02
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YEW MING	909,114	1.02
18	POO CHIN KEONG	904,300	1.02
19	WONG CHOON WAI	863,200	0.97
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZULKARNIN BIN ARIFFIN	859,800	0.97
21	LAW CHEE TAT	800,000	0.90
22	TAN HOOI LENG	800,000	0.90
23	NG CHOR KUAN	757,142	0.85
24	WAN ZULKIFLI BIN WAN ABDULLAH	750,000	0.84
25	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	742,857	0.83
26	LO GEK CHENG	701,000	0.79
27	GAN FEI FEI	700,100	0.79
28	CHAN NYIAT XIA	700,000	0.79
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIW WEI FONG @ TEO WEI FONG (001)	700,000	0.79
30	LEE BEE GEOK	658,200	0.74
TOTAL		48,605,682	54.55

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (23rd) Annual General Meeting (“AGM”) of the Company will be conducted via an online portal from the Broadcast Venue at A-5-01, Block Allamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor (“Broadcast Venue”) on Thursday, 10 June 2021, at 2:00 pm for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2020 together with the Directors’ and Auditors’ Reports thereon. *(Please refer Explanatory Note 1)*

2. To approve the payment of Directors’ fees and benefits of not exceeding RM500,000 for the period from the conclusion of the 23rd AGM until the conclusion of the 24th AGM to be held in year 2022. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who retire in accordance with Clause 77(2) of the Constitution of the Company:
 - (i) Hj. Abdullah Bin Abdul Rahman *(Ordinary Resolution 2)*
 - (ii) Lee Chin Cheh *(Ordinary Resolution 3)*
 - (iii) Admiral Tan Sri Dato’ Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired) *(Ordinary Resolution 4)*

4. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS:

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

5. **PROPOSED AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *(Ordinary Resolution 6)*

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the total number of issued shares of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

Notice of Annual General Meeting
(Cont'd)**6. PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** *(Ordinary Resolution 7)*

"THAT, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries (collectively the "Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 5 of the Circular to Shareholders dated 12 May 2021, provided that such transactions and/or arrangements which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed New and Renewal of Shareholders' Mandate"):

THAT the Proposed New and Renewal of Shareholders' Mandate shall only continue to be in full force until:

- a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at said AGM, such authority is renewed; or
- b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed New and Renewal of Shareholders' Mandate."

7. To transact any other business of which due notice have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD,

TAN TONG LANG
(MAICSA 7045482) (SSM PC No. 201908002253)
Company Secretary

Selangor
Dated: 12 May 2021

Notice of Annual General Meeting (Cont'd)

Remarks:

1. For preventing further propagation of COVID-19, the 23rd AGM will be conducted on a full virtual basis via an online portal. Members are advised to refer to the Administrative Guide for the remote participation access and electronic voting at the AGM.
2. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies from the public shall be physically present at the Broadcast Venue on the meeting day.
3. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.
4. Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
5. Where a member of the Company is an Exempt Authorised Nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provision of subsection 25A (1) of the (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
7. The Form of Proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or email at ir@shareworks.com.my not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
8. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 23rd AGM, the Company shall be requesting the Record of Depositors as at 2 June 2021. Only a depositor whose name appears on the Record of Depositors as at 2 June 2021 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

Notice of Annual General Meeting (Cont'd)

Explanatory Notes:

1. Audited Financial Statements for the Financial Year Ended 31 December 2020

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

2. Ordinary Resolution 6 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, seeking a renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

As at the date of the Notice, the Company had allotted and issued 50,000,000 ordinary shares pursuant to the general mandate granted to the Directors at the 22nd AGM held on 27 July 2020.

3. Ordinary Resolution 7 – Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

ADMINISTRATIVE GUIDE

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS ATTENDING THE 23rd ANNUAL GENERAL MEETING (“23rd AGM”)

Meeting Day & Date	: Thursday, 10 June 2021
Time	: 2.00 pm
Meeting Platform	: www.swsb.com.my
Platform for Communication	: Shareholders may submit questions to the Board of Directors (“Board”) prior to the 23 rd AGM to ir@shareworks.com.my no later than 2.00 pm on 9 June 2021 or to use the Question and Answer (“Q&A”) Platform to transmit questions to the Board via Remote Participation and Voting (“RPV”) Platform during live streaming.
Broadcast Venue	: A-5-01, Block Allamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor.

VIRTUAL MEETING

In view of the COVID-19 pandemic and as part of the safety measures of and control for the well-being of the shareholders of the Company, the 23rd AGM will be held via an online platform through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) Facility.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the Meeting as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act, 2016 which stipulates that the Chairperson of the meeting shall be at the main venue of the 23rd AGM. Shareholders of the Company (“Shareholders”) are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Broadcast Venue on the day of the 23rd AGM. **No Shareholders/ Proxies/ Corporate Representatives/ Attorneys** from the public shall be physically present at the Broadcast Venue on the day of the 23rd AGM.

All Shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the 23rd AGM will have to register to attend remotely by using the RPV Facility, the details of which is set out below.

RPV Facility

1. The 23rd AGM will be conducted on a fully virtual basis through live streaming and online remote voting. Should you wish to attend the 23rd AGM, you are required to register yourself using the RPV Facility in accordance with the instructions as set out under paragraph 3 below.

With the RPV Facility, you may exercise your rights as a Shareholder to participate including to pose questions (in the form of real-time submission of typed texts) to the Board of Directors of the Company (“Board”) and vote remotely at the 23rd AGM.

2. **Individual Members** are strongly encouraged to take advantage of the RPV Facility to participate and vote remotely at the 23rd AGM. Please refer to the details as set out under RPV Facility for information. If an Individual Shareholder is unable to participate in the online 23rd AGM, he/she is encouraged to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Shareholders (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the 23rd AGM using the RPV Platform. Corporate Members who wish to participate and vote remotely at the AGM must contact the poll administrator, **ShareWorks Sdn. Bhd.** (“ShareWorks”) with the details set out below for assistance and will be required to provide the following documents to the Company no later than **8 June 2021 at 2.00 p.m.** :

Administrative Guide
(Cont'd)

- a. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- b. Copy of the Corporate Representative's or proxy's identity card (MyKad) (front and back)/Passport; and
- c. Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Corporate Shareholders' remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the 23rd AGM, the Corporate Member is encouraged to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the 23rd AGM using RPV Facility. Nominee Company Members who wish to participate and vote remotely at the 23rd AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 23rd AGM. Nominee Company must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than **8 June 2021 at 2.00 p.m.**:

- a. Form of Proxy under the seal of the Nominee Company;
- b. Copy of the proxy's identity card (MyKad) (front and back)/Passport; and
- c. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Nominee Company Members' remote participation request.

If a Nominee Company Member is unable to attend the 23rd AGM, he/she is encouraged to request its Nominee Company to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. The procedures for the RPV in respect of the live streaming and remote voting at the 23rd AGM is as follows:

Procedures		Action
Before the 23rd AGM		
(i)	Register as a user	<ul style="list-style-type: none"> • Access website www.swsb.com.my • Click "Login" and click "Register" to sign up as a user. The registration will be open from 2.00 p.m. on 13 May 2021 and close at 2.00 p.m. on 9 June 2021. • Complete the registration process and upload softcopy of MyKAD (front and back) or Passport for foreign shareholders. • Read and agree to the terms & condition and thereafter submit your request. • Upon submission, kindly login to the valid email address and verify your user ID within one (1) hour. • Upon verification of the user ID, ShareWorks will send an email notification to approve you as a user. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 2 June 2021, the system will send you an email to notify you if your registration is approved or rejected after 2 June 2021. • If your registration is rejected, you can contact ShareWorks or the Company for clarifications or to appeal.

Administrative Guide
(Cont'd)

On the day of 23 rd AGM		
(ii)	Login to www.shareworks.com.my	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 23rd AGM at any time from 1.30 p.m. i.e. 30 minutes before the commencement of the 23rd AGM on 10 June 2021 at 2.00 p.m.
(iii)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the "Virtual Meeting" from main menu. Click the "Join Meeting" located next to the event. You are required to provide your full name as per CDS records and your user registered email address. Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming. If you have any question for the Chairperson/ Board, you may use the Q&A platform to transmit your question. The Chairperson/Board will try to respond to all questions submitted by remote participants during the 23rd AGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the meeting ended. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(iv)	Online remote voting	<ul style="list-style-type: none"> Select "Voting" located next to the "Join Meeting" and indicate your votes for the resolutions that are tabled for voting. Voting session will commence once the Chairperson of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the 23rd AGM. Cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(v)	End of RPV Facilities	<ul style="list-style-type: none"> The RPV Facilities will end and the Messaging window will be disabled the moment the Chairperson of the Meeting announces the closure of the 23rd AGM.

Proxy

If a member is unable to attend the 23rd AGM, he/she may appoint a proxy or the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to the 23rd AGM and subsequently decides to personally participate in the 23rd AGM via RPV Facilities, the individual member shall proceed to contact **ShareWorks** or the Company with the details set out below to revoke the appointment of his/her proxy no later than **8 June 2021 at 2.00 p.m.**

Poll Voting

The voting at the 23rd AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed **ShareWorks** as Poll Administrator to conduct the poll by way of electronic means and **SharePolls Sdn. Bhd.** as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairperson declaration whether the resolution is duly passed.

Administrative Guide (Cont'd)

Pre-Meeting submission of question to the Board

To administer the proceedings of the 23rd AGM in orderly manner, shareholders may before the 23rd AGM, submit questions to the Board to ir@shareworks.com.my **no later than 9 June 2021, Wednesday at 2.00 p.m.** The Board will endeavour to address the questions received at the 23rd AGM.

No Recording or Photography

Strictly **NO recording or photography** of the proceedings of the 23rd AGM is allowed.

No Door Gifts or e-Vouchers

There will be **NO DISTRIBUTION** of door gifts or e-vouchers.

Digital Copies of 23 AGM Documents

We further inform that the following items are now available at www.ocrbhd.com

1. Notice of the 23rd AGM
2. Proxy Form
3. Annual Report Request Form
4. Administrative Guide
5. Annual Report 2020
6. Corporate Governance Report
7. Circular to shareholder in relation to Proposed New and Renewal of Shareholders' Mandate for Recurrent Party Transactions of A Revenue or Trading Nature

Enquiry

If you have any enquiry prior to the virtual meeting, please contact **Mr. W.L. Fong/Mr. W.K. Chan** during office hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays:

ShareWorks Sdn. Bhd.

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone Number : 03-6201 1120
Email : ir@shareworks.com.my

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FORM OF PROXY



OCR

OCR GROUP BERHAD
[Registration No. 199701025005 (440503-K)]
(Incorporated in Malaysia)

CDS Account No.
No. of Shares held

I/We, Tel. No.:
[Full name in block, NRIC No./Passport/Company No.]

of
[Address]

being a member/members of **OCR GROUP BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile number:			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile number:			

or failing him, the Chairperson of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third (23rd) Annual General Meeting ("AGM") of the Company will be conducted via an online portal from the Broadcast Venue at A-5-01, Block Allamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor on Thursday, 10 June 2021, at 2:00 pm or any adjournment thereof, and to vote as indicated below:-

Item	Description of Resolution	FOR	AGAINST
1	To approve the payment of Directors' fees and benefits of not exceeding RM500,000 for the period from the conclusion of the 23 rd AGM until the conclusion of the 24 th AGM to be held in year 2022.		
2	To re-elect Hj. Abdullah Bin Abdul Rahman as Director		
3	To re-elect Lee Chin Cheh as Director		
4	To re-elect Admiral Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Hj Ahmad Badaruddin (Retired) as Director		
5	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company.		
6	Proposed authority to Directors to allot and issue new ordinary shares pursuant to sections 75 and 76 of the Companies Act, 2016		
7	Proposed New and Renewable Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this day of 2021

.....
Signature of Shareholder(s)/Common Seal

Remarks:

1. For preventing further propagation of COVID-19, the 23rd AGM will be conducted on a full virtual basis via an online portal. Members are advised to refer to the Administrative Guide for the remote participation access and electronic voting at the AGM.
2. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies from the public shall be physically present at the Broadcast Venue on the meeting day.
3. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.
4. Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his/her shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
5. Where a member of the Company is an Exempt Authorised Nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provision of subsection 25A (1) of the (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
7. The Form of Proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or email at ir@shareworks.com.my not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
8. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 23rd AGM, the Company shall be requesting the Record of Depositors as at 2 June 2021. Only a depositor whose name appears on the Record of Depositors as at 2 June 2021 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

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The Share Registrar of
OCR GROUP BERHAD
[Registration No. 199701025005 (440503-K)]

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas
50480 Kuala Lumpur Wilayah Persekutuan
Tel No.: +603-6201 1120
Email : ir@shareworks.com.my

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OCR GROUP BERHAD
[199701025005 (440503-K)]

A-3A-01, Block Allamanda, 10 Boulevard Lebuhraya SPRINT,
PJU6A 47400 Petaling Jaya, Selangor

Tel : +603 7710 1000 Fax : +603 7729 0300

www.ocrbhd.com