



[ Annual Report 2020 ]

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# Chairman's Statement And Management Discussion And Analysis

On behalf of the Board of Directors of Oceancash Pacific Berhad ("OPB"), it is my pleasure to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 December 2020.

## OVERVIEW OF BUSINESS AND OPERATIONS

OPB is principally engaged in 2 business segments; Insulation Felts and Hygiene Nonwoven.

### Insulation Division ("OCF")

**OCF** is a leading manufacturer of insulation felts in South East Asia. OCF's products are widely used in cars and air-conditioners for thermal and acoustic insulation purposes in Malaysia, Thailand, Indonesia and the Philippines. In addition, OCF also exports its products to Taiwan.

### Hygiene Division ("ONW")

**ONW** is a leading manufacturer of hygiene nonwoven in South East Asia. ONW's products are accepted and used widely in the disposable hygiene goods industry. Besides Malaysia, ONW also exports its products to its key market in Japan as well as several other countries around the world.

## Financial Summary

	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	80,169	89,344	85,176	89,730	83,686
Profit before tax	4,843	9,028	7,608	10,830	10,434
Profit after tax	4,314	7,104	6,078	9,818	10,188
Profit attributable to:					
Owners of the Company	4,314	7,104	6,078	9,818	10,188
EPS (sen)	1.73	2.90	2.73	4.4	4.57
<b>Assets and Liabilities</b>					
Total assets	135,272	108,983	103,319	104,734	103,386
Total liabilities	26,741	19,445	19,177	23,432	28,141
Net assets	108,531	89,538	84,142	81,302	75,245
NTA/share (sen)	41.61	36.50	37.73	36.46	33.74

## REVIEW OF FINANCIAL PERFORMANCE AND BUSINESS OPERATIONS

The Group reported a drop of 10.26% in revenue to RM80.17 million for the financial year ended 31 December 2020 compared to the preceding year's revenue of RM89.34 million. This was due mainly to drop in revenue in OCF. The Group recorded a net profit of RM4.31 million compared to preceding year of RM7.10 million. The decrease in net profit was also due mainly to drop in revenue in OCF and increase in production expenses in ONW.

### OCF

Following the COVID-19 outbreak and when the Movement Control Order ("MCO") was imposed, the insulation division in Malaysia's revenue reduced by 21.19% as it was not in operation for two (2) months. During this period the new motor vehicles sales in Malaysia dropped significantly. Fortunately the new motor vehicles sales started to improve after the government gave Sales Tax exemption on new motor vehicles. The new motor vehicles sales in Thailand was also affected by the pandemic and as a result the export sales to Thailand recorded a drop of RM1.60 million. During the financial year, the insulation division in Indonesia's revenue reduced by 47.43% due mainly to decline in new motor vehicles sales during the pandemic.

During the financial year, the insulation division net profit declined by RM3.03 million was due mainly to decrease in revenue in Indonesia. The construction of factory buildings in Thailand was completed during the 3rd Quarter 2020, therefore, there were some fixed expenses and depreciation charges which contributed to reduction in profit even though there was no production in Thailand.

## **ONW**

During the financial year, ONW revenue increased by 2.58%. The export sales increased by 13.75% and local sales decreased by 10.47%. The increase in export sales was mainly to Australia, Bangladesh, China and Thailand.

ONW financial performance improved slightly by RM0.30 million in net profit to RM3.05 million as compared to preceding financial year of RM2.75 million.

ONW was also affected by the MCO even though the company did not stop production. Manpower supply was disrupted which resulted in higher production expenses, meals were provided to all employees, lower production efficiency and delivery failure to our customers during the first phase of MCO.

## **PRIVATE PLACEMENT EXERCISE**

On 1 September 2020, the Company announced to undertake the placement of up to 24,500,000 new ordinary shares representing approximately 10% of the total number of issued shares of the Company to a third party.

As at 31 December 2020, the Company has placed 15,500,000 new ordinary shares over eight (8) tranches, raising RM10,953,750.00.

## **PROSPECT AND OUTLOOK**

### **OCF**

#### **Malaysia**

We have witnessed strong vehicle sales since July 2020 when the Malaysian Government introduced SST exemption for new cars. We are now experiencing high business volume due to the SST exemption as well as recent introduction of new models from Proton and Perodua. Hence, we are optimistic that this increased sales volume is sustainable for 2021.

The revenue from air-conditioners section were not affected by the pandemic during the financial year, hence, we expect our sales to the air-conditioners industry to remain healthy this year.

#### **Thailand**

We are still unable to commence our operation in Thailand due to the ongoing travel restrictions and thus have pushed back the commercial production of our Thailand factory to Q3, 2021.

#### **Indonesia**

We expect the business volume in Indonesia to pick up soon as the Indonesian Government has introduced Luxury Tax exemption, thereby reducing prices of certain categories of new cars in 2021.

We also wish to take this opportunity to update that the cost cutting and control measures we implemented since early 2020 have shown positive results for our business. This has placed OCF in a very strong position in the market moving forward.

Except for the delay in the commencement of operations in Thailand, we would expect OCF division to do well in 2021.

# Chairman's Statement And Management Discussion And Analysis

(Cont'd)

## **ONW**

We achieved strong results for financial year 2020 despite a year full of uncertainties and disruptions. Focusing our attention ahead, 2021 will be an equally challenging year for us as we have an additional machinery, line 6 which has added significant capacity to our business. With the ongoing trade wars between China and the USA, coupled with the logistical problem that is impacting global trade, we expect to face strong headwind in our nonwoven business in 2021. Nonetheless, we have been working hard to fill the capacity of our latest and state of the art production line. We are confident that we could achieve our intended outcome with this expansion programme sometime this year.

On a positive note, we have started supplying our nonwoven to a few face mask producers since the start of the year and are in different stages of development with several others.

## **DIVIDEND**

The Board exercises prudence and balance in ensuring attractive returns to shareholders while retaining sufficient resources for expansion programmes. There is no fixed dividend policy at this point of time. However, the Board strives to declare a consistent dividend to shareholders. The Board had recommended, declared and paid an interim dividend of 0.8 sen per share to shareholders on 31 December 2020.

## **APPRECIATION**

We would like to express our heartfelt gratitude and appreciation to the management and staff for their dedication and pursuit of innovation these past years. We also wish to thank and express our appreciation to our customers, suppliers, regulatory authorities, bankers, and shareholders for their invaluable support and confidence in the Group.

## **TAN SIEW CHIN**

Dated : 15 April 2021

The Board of Directors is aware of its responsibility to develop and grow the business in a sustainable and responsible manner. To achieve this, the Group is committed to ensure the sustainability of its business and the environment it operates in.

## **Business Sustainability – Risk Management**

We are constantly fine tuning our manufacturing processes to improve efficiency and reduce wastage in order to stay competitive. We always strive to provide excellent customer service, top quality products and timely delivery at all times in our efforts to promote and encourage customer loyalty.

We regularly benchmark ourselves against other manufacturers from this region to understand our strengths and weaknesses. On top of being a reliable supplier, we are a solution provider to our customers due to our strong technical knowledge base and expertise in the industries we operate in.

The Group is constantly on the lookout for opportunities within and outside of our industries in order to enhance our competitiveness and risk management through growth and diversification.

## **Human Resource – Succession Planning**

The Group recognises that our people is the core of our business. We continually identify, train and groom the next generation of successors to key positions in our organisation to ensure continuity is preserved in all circumstances.

We look after the well being of our human capital to ensure that they continue to actively contribute to the growth of this organisation.

## **Environment**

The Group cares about the environment and is mindful of its responsibility as a corporate citizen to reduce its carbon footprint during the course of conducting its business.

We use recycled materials/waste from the textile industry and our wastes go to other industries as raw materials. For wastes which cannot be recycled, we always ensure that they are handled properly.

We are very careful with energy utilisation and have invested in sustainable energy in solar power for our consumption.

## BOARD OF DIRECTORS

### TAN SIEW CHIN

Chief Executive Officer  
Executive Chairman

### TAN WEY CHIEN

Executive Director

### TAN WEY CHUNG

Executive Director

### NGIAM KEE TONG

Senior Independent Non-Executive Director  
(Redesignated as Senior Independent Non-Director  
on 4 January 2021)

### CRYSTAL YONG MEI YEE

Independent Non-Executive Director

### FONG WAI LEONG

Independent Non-Executive Director  
(Appointed as Director on 4 January 2021)

### CHAN SOO WAH

Former Senior Independent Non-Executive Director  
(Resigned as Director on 4 January 2021)

## AUDIT AND RISK MANAGEMENT COMMITTEE

### NGIAM KEE TONG - Chairman

Senior Independent Non-Executive Director  
(Redesignated as Chairman on 4 January 2021)

### CRYSTAL YONG MEI YEE - Member

Independent Non-Executive Director

### FONG WAI LEONG - Member

Independent Non-Executive Director  
(Appointed as Member on 4 January 2021)

### CHAN SOO WAH - Former Chairman

Former Senior Independent Non-Executive Director  
(Resigned as Chairman on 4 January 2021)

## REGISTERED OFFICE

Level 2 Tower 1 Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Tel No.: 03-2241 5800  
Fax No.: 03-2282 5022

## HEAD / MANAGEMENT OFFICE

Lot 73 Jalan P10/21  
Taman Industri Selaman  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan  
Tel No.: 03-8925 0000  
Fax No.: 03-8925 5800  
Email: ofsb@oceancash.com  
Website : www.oceancash.com

## COMPANY SECRETARIES

Wong Youn Kim  
MAICSA 7018778  
Practicing Certificate No. 201908000410

Yip Siew Cheng  
MAICSA 7006780  
Practicing Certificate No. 202008001527

## PRINCIPAL BANKER

United Overseas Bank (Malaysia) Bhd (271809K)  
1st Floor Bangunan UOB Medan Pasar  
10-12 Medan Pasar  
50050 Kuala Lumpur  
Tel No.: 03-2772 8000  
Fax No.: 03-2072 2791

## REGISTRAR

Sectrars Management Sdn Bhd (1127890-P)  
Lot 9-7 Menara Sentral Vista  
No. 150 Jalan Sultan Abdul Samad  
Brickfields  
50470 Kuala Lumpur  
Tel No.: 03-2276 6138 / 6139 / 6130  
Fax No.: 03-2276 6131

## AUDITORS

HLB AAC PLT (LLP0022843-LCA) (AF 001977)  
(Formerly known as Morison AAC PLT)  
18 Jalan Pinggir 1/64  
Jalan Kolam Air  
Off Jalan Sultan Azlan Shah (Jalan Ipoh)  
51200 Kuala Lumpur  
Tel No.: 03-4048 2888  
Fax No.: 03-4048 2999  
Email : general@hlblerlumchew.com

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad



## **TAN SIEW CHIN**

**Male, Aged 69, Malaysian**

*Executive Chairman and Chief Executive Officer*

Mr Tan Siew Chin was appointed to the Board on 29 March 2004. He is a member of the Chartered Institute of Management Accountants of United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants.

Mr Tan Siew Chin is a trained accountant from London. He has working experience ranging from finance company, property development, plantation and manufacturing. He was the founder of Paragon Union Bhd which he started in 1988 and later sold in 1997. Thereafter, he started Oceancash Felts Sdn Bhd and later on Oceancash Nonwoven Sdn Bhd in 2000. These 2 companies were grouped under Oceancash Pacific Bhd which was listed on Bursa in 2004. He has since been the chairman and chief executive officer till to date.

Mr Tan Siew Chin has no directorship in any other public listed company. He is the husband of Madam Chen Lee Chew, a substantial shareholder of the Company and the father of Mr Tan Wey Chien and Mr Tan Wey Chung, both Executive Directors of the Company. Save as disclosed above, Mr Tan Siew Chin has no family relationship with any director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 December 2020.

## **TAN WEY CHIEN**

**Male, Aged 34, Malaysian**

*Executive Director*

Mr Tan Wey Chien was appointed to the Board on 25 November 2015. He graduated with (BA) Accounting & IT from University of Manchester, United Kingdom. He is a member of CPA Australia and he is also a Chartered Accountant with the Malaysian Institute of Accountants.

Mr Tan Wey Chien started his career by joining Ernst & Young in year 2009 till June 2010; after which he joined Oceancash Felts Sdn Bhd as Operation Executive from June 2010 till present.

Mr Tan Wey Chien has no directorship in any other public listed company. He is the son of Mr Tan Siew Chin, a substantial shareholder, Chief Executive Office and Executive Chairman of the Company as well as the son of Madam Chen Lee Chew, a substantial shareholder of the Company and the brother of Mr Tan Wey Chung, an Executive Director of the Company. Save as disclosed above, Mr Tan Wey Chien has no family relationship with any director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 December 2020.



# Board Of Directors

(Cont'd)

## **NGIAM KEE TONG**

**Male, Aged 66, Malaysian**

*Senior Independent Non-Executive Director*

Mr Ngiam Kee Tong was appointed to the Board on 7 November 2017. He was redesignated as Senior Independent Non-Executive Director on 4 January 2021. He is the Chairman of the Nomination Committee and Remuneration Committee and redesignated as Chairman of the Audit and Risk Management Committee on 4 January 2021. He graduated with a LLB Honours Degree in Law from University of Malaya in 1978. He was subsequently called to the Bar in 1979 after having chambered in Messrs Shearn Delamore & Co where he became an associate.

Mr Ngiam Kee Tong later joined Messrs Nik Hussain & Partners and was admitted as a partner in 1983. He left to set up Messrs Khairuddin, Ngiam & Tan in 1985 and is currently the senior partner. He currently serves on the board of Saujana Resort (M) Berhad.

Mr Ngiam Kee Tong sits in the board of Saujana Resort (M) Berhad, TA Enterprise Berhad and TA Investment Management Berhad. He has no family relationship with any other director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 December 2020.

## **CRYSTAL YONG MEI YEE**

**Female, Aged 33, Malaysian**

*Independent Non-Executive Director*

Ms Crystal Yong Mei Yee was appointed to the Board on 29 October 2018. She is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. She is a member of CPA Australia and a Chartered Accountant with the Malaysian Institute of Accountants. She holds a Bachelor of Commerce with a major in Accounting from the University of Queensland, Australia.

Ms Crystal Yong Mei Yee began her professional career at Ernst & Young, where she led audit assignments for companies in various industries until 2014; after which she joined a private equity firm as an Assistant Finance Manager. She is currently a Vice President of a private equity firm with total Assets Under Management of approximately USD1.5 billion.

Ms Crystal Yong Mei Yee has no directorship in any other public listed company. She has no family relationships with any other director and/or major shareholders of the Company and her directorship in the Company does not give rise to any conflict of interest situation. She has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. She has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 December 2020.

## **TAN WEY CHUNG**

**Male, Aged 34, Malaysian**

*Executive Director*

Mr Tan Wey Chung was appointed to the Board on 2 January 2020. He graduated with Accounting and Finance from the University of Liverpool in 2008. He is a member of CPA Australia and he is also a Chartered Accountant with the Malaysian Institute of Accountants.

Mr Tan Wey Chung joined Affin Hwang Asset Management Berhad as Operations Executive in May 2010 and has been working in various capacities for 6 years and had acquired broad knowledge in corporate, investment and asset management. He is currently an Executive Director of Oceancash Nonwoven Sdn Bhd. He joined Oceancash Nonwoven Sdn Bhd as Operations Manager in May 2016. He is also an Executive Director of Oceancash Felts Sdn Bhd and is currently overseeing the felts and nonwoven business operations, financial performance, investments and new business ventures in foreign countries.

Mr Tan Wey Chung has no directorship in any other public listed company. He is the son of Mr Tan Siew Chin, a substantial shareholder, Chief Executive Officer and Executive Chairman of the Company as well as the son of Madam Chen Lee Chew, a substantial shareholder of the Company and the brother of Mr Tan Wey Chien, an Executive Director of the Company. Save as disclosed above, Mr Tan Wey Chung has no family relationship with any director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 December 2020.

## **FONG WAI LEONG**

**Male, Aged 52, Malaysian**

*Independent Non-Executive Director*

Mr Fong Wai Leong was appointed to the Board on 4 January 2021. He is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. He is a qualified Chartered Accountant with Malaysian Institute of Certified Public Accountants.

Mr Fong Wai Leong started his career as a professional working for KPMG as an Auditor and subsequently with CIMB as a Merchant Banker. He owned businesses in investment and advisory services in Devonshire Capital and Equinox Capital for 11 years. He has advised on investments, IPOs and M&As in China, Malaysia, Thailand, Singapore, South Africa, South Korea and South America. He was the Group CEO of PanPages Berhad for 9 years. He currently serves on the board of Pelikan International Corporation Berhad.

Mr Fong Wai Leong sits in the board of Pelikan International Corporation Berhad. He has no family relationship with any other director and/or major shareholder of the Company and his directorship in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year. He has not attended any meeting during the financial year ended 31 December 2020 as he was appointed as Director of the Company on 4 January 2021.

# Key Senior Management

## **MAH YIT MUI**

**Female, Aged 60, Malaysian**

*Group Finance Manager*

Ms Mah Yit Mui was appointed as the Group Finance Manager of the Company on 31 December 2003. She is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

Ms Mah Yit Mui started her career as an Accounts Executive for three (3) years at Sentiasa Kuat Sdn Bhd. She then joined Union Car Carpet & Components Sdn Bhd, a wholly subsidiary of Paragon Union Berhad in 1989 until 1998. Prior to joining Oceancash Pacific Berhad in 2004, she worked in SYF Berhad (formerly known as Tomisho Holdings Berhad) for two (2) years and Oceancash Equities Sdn Bhd for three (3) years. She has held managerial positions for a number of years and has vast experience in finance and accounting.

Ms Mah Yit Mui has no directorship in any other public listed company. She has no family relationship with any other director and/or major shareholder of the Company and her position in the Company does not give rise to any conflict of interest situation. She has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

## **LOR SENG THEE**

**Male, Aged 53, Malaysian**

*Group General Manager*

Mr Lor Seng Thee was appointed as the Group General Manager of the Company on 1 July 2006. He graduated with a Bachelor of Building degree (B.BUILD) from the University of New South Wales in Sydney, Australia in 1990.

Mr Lor Seng Thee began his working career in the construction and property development industry and worked for 6 years in various capacities before joining Oceancash Felts Sdn Bhd as the Operation Manager in 1997. He has been with Oceancash Felts Sdn Bhd since its formation. He is currently the Group General Manager of Oceancash Group of Companies, a position he assumed in 2006.

Mr Lor Seng Thee has no directorship in any other public listed company. He has no family relationship with any other director and/or major shareholder of the Company and his position in the Company does not give rise to any conflict of interest situation. He has not been convicted of any offence within the past five (5) years (other than traffic offence, if any) nor imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

# Corporate Governance Overview Statement

The Board of Directors (“**Board**”) of Oceancash Pacific Berhad (“**OPB**” or “**Company**”) recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiaries (collectively referred to as “**Group**”). The Board supports the corporate governance framework and continues to improve existing practices and achieve the objectives of the Company.

The Board is pleased to present this overview statement which sets out a summary of the Group’s corporate governance practices during the financial year ended 31 December 2020 in accordance with the Malaysian Code on Corporate Governance (“**MCCG**”). This statement is to be read together with the Corporate Governance Report 2020 (“**2020 CG Report**”) of the Company as the application of each practice as set out in the MCCG is disclosed in the 2020 CG Report. The 2020 CG Report is available on the Company’s website at [www.oceancash.com](http://www.oceancash.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Board Duties and Responsibilities

The Board is responsible for the oversight and stewardship of the Group including assessing and agreeing with the Group’s corporate objectives and the goals and targets to be met by management; whilst management is responsible for the execution of the policies and attainment of the objectives of the Group.

The Board is always guided by the Board Charter which sets out the duties and responsibilities and matters reserved for the Board in discharging its fiduciary duties. The Board reviews the Board Charter periodically to ensure that it continues to remain relevant and appropriate. The Board Charter is published on the Company’s website at [www.oceancash.com](http://www.oceancash.com).

The Board had assumed the following duties and responsibilities during the financial year ended 31 December 2020 :

- (a) Reviewed the efficiency and quality of the Group’s financial reporting process and the adequacy and integrity of the Group’s internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and was satisfied that the internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations;
- (b) Evaluated the conduct of the Group’s business based on the monthly and quarterly financial and other reports prepared by management and concluded that the business is being managed sustainably;
- (c) Reviewed the Sustainability Report of the Group and was satisfied that the report reflects the sustainability of its business and the environment it operates in;
- (d) Identified principal risks of all aspects of the business and ensured that appropriate systems were implemented to manage these risks;
- (e) Ensured that the Company’s investor relation programmes and shareholders’ communication policy were implemented effectively;
- (f) Reviewed succession planning including appointing, training and fixing of compensation of senior management;
- (g) Reviewed the proposed dividends and ensured that they commensurate with the performance of the Company and meet the expectations of the shareholders;
- (h) Reviewed the interim financial statements and the annual report and was satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the Group and presented its activities accurately; and
- (i) Ensured continuing education or training for Directors to keep abreast of relevant changes in laws and regulations and the development of the industry.

# Corporate Governance Overview Statement

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

#### Roles and Responsibilities of Chairman and Chief Executive Officer

Mr Tan Siew Chin is the Executive Chairman and Chief Executive Officer (“CEO”) of the Company and is responsible for the day-to-day management of the business and operations of the Group. He is supported by a management team and other committees established under the Group’s management framework. The management’s performance under the leadership of the CEO is monitored by the Board during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group’s performance.

The relevant members of the management were in attendance at Board meetings to support the CEO in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board.

#### Company Secretary

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company’s Constitution, procedures and policies and regulations are complied with. The Board is regularly updated by the Company Secretary on any new statutory and regulatory requirements that affect the duties and responsibilities of the Directors. The Company Secretaries attended all the Board meetings and Board Committee meetings held in the financial year ended 31 December 2020.

The Board is satisfied with the services and support rendered by the Company Secretaries in the discharge of their functions.

#### Board and Board Committees

The Board has delegated specific responsibilities to three (3) main committees namely the Audit and Risk Management Committee (“ARMC”), Remuneration Committee and Nomination Committee, which are guided by the respective terms of reference approved by the Board. The ultimate responsibility for the final decisions on all matters lies with the Board.

#### Key Senior Management

The Chairman and the Executive Directors are responsible for the identification and development of the key senior management as well as to review the succession planning for key management team from time to time. Potential candidates are identified from within and outside the Group and groomed to shoulder heavier responsibilities in due course.

#### Code of Conduct and Ethics for Directors and Whistle Blowing Policy

The Company has put in place a Code of Conduct and Ethics for Directors which governs the standards of ethics and good conduct expected of Directors.

The Group’s Whistle Blowing Policy seeks to foster an environment of integrity and ethical behaviour and to expose any illegal or improper action in the Group. In the financial year ended 31 December 2020, no complaint was received.

The Code of Conduct and Ethics for Directors and Whistle Blowing Policy are published on the Company’s website at [www.oceancash.com](http://www.oceancash.com).

#### Sustainability of Business

The Board promotes sustainable business practices covering economic, social and environmental aspects which are strongly believed to translate into better corporate performance.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

#### Access to Information and Advice

The Board is supplied with all information within the Company and the Group in a timely manner. The Chairman together with the management and the Company Secretaries are responsible for ensuring the Board receive the agenda and board papers not less than seven (7) days before the Board meetings and Board Committee meetings.

The proceedings of all Board meetings and Board Committee meetings are minuted by the Company Secretary for confirmation at the next meeting.

The Board has access to the services and the advice of the Company Secretary and professional advice from third parties. The non-executive Directors have access to information from the management.

### II. BOARD COMPOSITION

The current Board comprises six (6) Directors i.e. three (3) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Executive Chairman who also serves as the CEO. The Board members are as follows:

<b>Board Members</b>	<b>Directorship</b>
Mr Tan Siew Chin	Executive Chairman / CEO
Mr Tan Wey Chien	Executive Director
Mr Tan Wey Chung	Executive Director
Mr Ngiam Kee Tong <i>(Redesignated as Senior Independent Non-Executive Director on 4 January 2021)</i>	Senior Independent Non-Executive Director
Ms Crystal Yong Mei Yee	Independent Non-Executive Director
Mr Fong Wai Leong <i>(Appointed as Director on 4 January 2021)</i>	Independent Non-Executive Director
Ms Chan Soo Wah <i>(Resigned as Director on 4 January 2021)</i>	Former Senior Independent Non-Executive Director

The composition and size of the Board is reviewed from time to time to ensure its appropriateness and effectiveness. In the event of any vacancy in the Board resulting in non-compliance with the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Board would ensure that the vacancy will be filled within three (3) months.

Pursuant to the Company's Constitution, any Director appointed during the year shall retire at the Company's Annual General Meeting ("**AGM**") following his appointment and one-third (1/3) of the Board who do not retire as aforesaid, will retire by rotation at every AGM. The Constitution further provides for every Director to retire once in every three (3) calendar years and all retiring Directors are eligible for re-election. The Directors seeking re-election at the forthcoming AGM are set out on page 89 of the 2020 Annual Report.



# Corporate Governance Overview Statement

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. BOARD COMPOSITION (cont'd)

The Board met five (5) times during the financial year ended 31 December 2020. Details of the Directors' attendance are as follows:

<b>Board Members</b>	<b>Board Meetings Attended</b>
Mr Tan Siew Chin	5/5
Mr Tan Wey Chien	5/5
Mr Tan Wey Chung	5/5
Mr Ngiam Kee Tong <i>(Redesignated as Senior Independent Non Executive Director on 4 January 2021)</i>	5/5
Ms Crystal Yong Mei Yee	5/5
Mr Fong Wai Leong <i>(Appointed as Director on 4 January 2021)</i>	N/A
Ms Chan Soo Wah <i>(Resigned as Director on 4 January 2021)</i>	5/5

#### Independence

The Independent Non-Executive Directors satisfy the independence test under the MMLR of Bursa Securities and they constitute 50% of the Board. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which could interfere with the exercise of their independent judgment. The presence of the Senior Independent Non-Executive Director provides an additional channel for Independent Directors to voice any opinion or concern that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in the open forum.

The Company does not have a policy to limit the tenure of independent directors to a cumulative term limit of nine (9) years. However, the retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders' approval in line with the recommendation of the MCCG. If the Board continues to retain independent directors after twelve (12) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

Ms Chan Soo Wah has served the Board for more than twelve (12) years since her appointment as Independent Director of the Company on 29 March 2004. Since 2013, the Company has sought annual shareholders' approval at the AGM for her to continue to serve as Independent Director on the Board. The last shareholders' approval was obtained at the last AGM held on 23 September 2020. Ms Chan Soo Wah has tendered her resignation as Independent Director of the Company on 4 January 2021 and currently, there is no Independent Director serving beyond 9 years in the Company.

#### Board Diversity

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group.

Appointment of new Directors is undertaken by the Board as a whole after considering the recommendations from the Nomination Committee. In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board members, the management and/or major shareholders. The Nomination Committee is also open to referrals from external sources such as industry and professional associations as well as independent search firms. During the financial year ended 31 December 2020, there was no appointment of new Director to the Board.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. BOARD COMPOSITION (cont'd)

#### Board Diversity (cont'd)

The Board acknowledges the call by the MCCG for boards to have gender diversity. During the financial year ended 31 December 2020, there were four (4) male Directors and two (2) female Directors on Board, which represents 33% women Directors. With the resignation of Ms Chan Soo Wah as Director on 4 January 2021, the percentage of women Directors in the current Board falls below 30%. The Board is mindful that any gender representation should be in the best interest of the Company.

#### Nomination Committee

The current Nomination Committee consists of not less than three (3) members and comprises wholly of Independent Non-Executive Directors. The members of the Nomination Committee are as follows:

<b>Nomination Committee Members</b>	<b>Position</b>
Mr Ngiam Kee Tong	Chairman
Ms Crystal Yong Mei Yee	Member
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	Member
Ms Chan Soo Wah (Resigned as Member on 4 January 2021)	Former Member

The Nomination Committee is responsible for the Board evaluation process covering the Board, the Board Committees and individual Directors. The Nomination Committee, upon conclusion of the evaluation conducted internally on 25 February 2021 for the financial year ended 31 December 2020, was satisfied that the composition of the Board and Board Committees possess a right blend of knowledge, expertise and experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors who contributed to a healthy environment for constructive deliberation and robust decision-making process.

The Nomination Committee met once during the financial year ended 31 December 2020. The details of the members' attendance are as follows:

<b>Nomination Committee Members</b>	<b>Nomination Committee Meetings Attended</b>
Mr Ngiam Kee Tong	1/1
Ms Crystal Yong Mei Yee	1/1
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	N/A
Ms Chan Soo Wah (Resigned as Member on 4 January 2021)	1/1

The terms of reference of the Nomination Committee is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at [www.oceancash.com](http://www.oceancash.com).

# Corporate Governance Overview Statement

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. BOARD COMPOSITION (cont'd)

#### Remuneration Committee

The current Remuneration Committee consists of not less than three (3) members and comprises wholly of Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

<i>Remuneration Committee Members</i>	<i>Position</i>
Mr Ngiam Kee Tong	Chairman
Ms Crystal Yong Mei Yee	Member
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	Member
Ms Chan Soo Wah (Resigned as Member on 4 January 2021)	Former Member

The Company has yet to put in place a formalised remuneration policies and procedures for Directors and senior management. The level of remuneration for Non-Executive Directors and senior management reflect the amount paid by other comparable organisations, adjusted based on the experience and level of responsibilities undertaken by the Non-Executive Director and senior management concerned.

The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board with the Director concerned abstaining from deliberations and voting in respect of his/her remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on the recommendations of the Board.

The remuneration of the senior management shall from time to time be determined by the Executive Directors and to be reviewed by the Non-Executive Directors, if necessary, with a view to ensure that the Company offers fair compensation and is able to attract and retain talent who can add value to the Company.

The annual review for the financial year ended 31 December 2020 was conducted by the Remuneration Committee on 27 February 2020.

The Remuneration Committee met once during the financial year ended 31 December 2020. The details of the members' attendance are as follows:

<i>Remuneration Committee Members</i>	<i>Remuneration Committee Meetings Attended</i>
Mr Ngiam Kee Tong	1/1
Ms Crystal Yong Mei Yee	1/1
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	N/A
Ms Chan Soo Wah (Resigned as Member on 4 January 2021)	1/1

The terms of reference of the Remuneration Committee is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at [www.oceancash.com](http://www.oceancash.com).

#### Directors' Training

The Board is responsible to ensure continuing education or training for the Directors to keep abreast of relevant changes in laws and regulations and the development of the industry.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. BOARD COMPOSITION (cont'd)

#### Directors' Training (cont'd)

During the financial year ended 31 December 2020, the external auditors briefed all the Board members on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year. The Board is also briefed by the Company Secretary on changes in laws and regulations. The Director, Ms Crystal Yong Mei Yee has attended training on Fraud Risk Management Workshop and Improving Public Sector Governance through Financial Reporting. The Directors will continue to undergo relevant training programmes to enhance their skills and knowledge.

### III REMUNERATION

The details of the Directors' remuneration for the financial year ended 31 December 2020 are as follows:

#### **COMPANY:**

#### **(1) Non-Executive Directors (RM)**

No.	Name	Directors' Fee	Allowance	Total
1.	Mr Ngiam Kee Tong (Senior Independent Non-Executive Director) (Redesignated as Senior Independent Non-Executive Director on 4 January 2021)	30,000	3,900	33,900
2.	Ms Crystal Yong Mei Yee (Independent Non-Executive Director)	30,000	3,900	33,900
3.	Mr Fong Wai Leong (Independent Non-Executive Director) (Appointed as Director on 4 January 2021)	N/A	N/A	N/A
4.	Ms Chan Soo Wah (Senior Independent Non-Executive Director) (Resigned as Director on 4 January 2021)	35,000	3,600	38,600

#### **(2) Executive Chairman/CEO/Executive Directors (RM)**

No.	Name	Salary	Directors' Fee	Benefit-in-kind	Allowance	Total
1.	Mr Tan Siew Chin (Executive Chairman / CEO)	-	30,000	-	1,800	31,800
2.	Mr Tan Wey Chien (Executive Director)	-	30,000	-	1,800	31,800
3.	Mr Tan Wey Chung (Executive Director)	-	30,000	-	1,800	31,800

# Corporate Governance Overview Statement

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III REMUNERATION (cont'd)

#### **GROUP:**

#### **(1) Non-Executive Directors (RM)**

No.	Name	Directors' Fee	Allowance	Total
1.	Mr Ngiam Kee Tong (Senior Independent Non-Executive Director) (Redesignated as Senior Independent Non-Executive on 4 January 2021)	30,000	3,900	33,900
2.	Ms Crystal Yong Mei Yee (Independent Non-Executive Director)	30,000	3,900	33,900
3.	Mr Fong Wai Leong (Independent Non-Executive Director) (Appointed as Director on 4 January 2021)	N/A	N/A	N/A
4.	Ms Chan Soo Wah (Senior Independent Non-Executive Director) (Resigned as Director on 4 January 2021)	35,000	3,600	38,600

#### **(2) Executive Chairman/CEO/Executive Directors (RM)**

No.	Name	Salary	Directors' Fee	Benefit-in-kind	Allowance	Total
1.	Mr Tan Siew Chin (Executive Chairman / CEO)	276,212	30,000	22,700	1,800	330,712
2.	Mr Tan Wey Chien (Executive Director)	273,866	30,000	17,400	1,800	323,066
3.	Mr Tan Wey Chung (Executive Director)	181,440	30,000	7,064	1,800	220,304

The remuneration paid to the senior management of the Company for the financial year ended 31 December 2020 are as follows:

Senior Management (excluding Executive Directors)	Number of Senior Management
From RM200,001 to RM250,000	1
From RM250,001 to RM300,000	1
Total	2

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT AND RISK MANAGEMENT COMMITTEE

#### Composition of ARMC

The Board had on 26 February 2018 resolved to have the risk management of the Company to be under the purview of the Audit Committee in view of the Company's current risk exposure. The Audit Committee was then renamed as Audit and Risk Management Committee.

The ARMC assumes the role in overseeing the risk management functions and internal controls of the Group in addition to overseeing the integrity of the financial statements and compliance with relevant accounting standards.

The current ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC are as follows:

<b>ARMC Members</b>	<b>Position</b>
Mr Ngiam Kee Tong (Redesignated as Chairman on 4 January 2021)	Chairman
Ms Crystal Yong Mei Yee	Member
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	Member
Ms Chan Soo Wah (Resigned as Chairman on 4 January 2021)	Former Chairman

The Chairman of the ARMC is not the Chairman of the Board. The ARMC is being chaired by the Senior Independent Non-Executive Director, Mr Ngiam Kee Tong who was redesignated as Chairman of the ARMC on 4 January 2021. One (1) of the ARMC members is a member of the Malaysian Institute of Accountants and another ARMC member is a member of the Malaysian Institute of Certified Public Accountants, thus fulfilling Paragraph 15.09(1) (c) of the MMLR of Bursa Securities, which requires at least one (1) member of the audit committee to be a member of a professional accountancy body.

The ARMC met five (5) times during the financial year ended 31 December 2020. Details of the number of meetings attended by each member are as follows:

<b>ARMC Members</b>	<b>ARMC Meetings Attended</b>
Mr Ngiam Kee Tong (Redesignated as Chairman on 4 January 2021)	5/5
Ms Crystal Yong Mei Yee	5/5
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	N/A
Ms Chan Soo Wah (Resigned as Chairman on 4 January 2021)	5/5

The terms of reference of the ARMC is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at [www.oceancash.com](http://www.oceancash.com).

# Corporate Governance Overview Statement

(Cont'd)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### I. AUDIT AND RISK MANAGEMENT COMMITTEE (cont'd)

#### Relationship with External Auditors

The ARMC has a formal and transparent relationship with the external auditors. During the financial year ended 31 December 2020, Messrs Baker Tilly Monteiro Heng PLT (Chartered Accountants) ("**BTMH**") had on 16 October 2020 tendered their resignation as Auditors of the Company for the financial year ended 31 December 2020. The resignation of BTMH is on a voluntary basis as the Company could not reach a consensus on the proposed audit fees for the financial year ended 31 December 2020. In replacement thereof, Messrs Morison AAC PLT ("**Morison AAC**") (Chartered Accountants) was appointed as the new auditors of the Company effective from 12 November 2020 and to hold office until the conclusion of the next Annual General Meeting ("**AGM**"). Morison AAC had on 13 January 2021 changed its name to HLB AAC PLT ("**HLB AAC**") (Chartered Accountants).

During the financial year ended 31 December 2020, the ARMC met with the external auditors twice in the absence of the Executive Directors and the management. The ARMC met with BTMH on 25 June 2020 and HLB AAC on 24 November 2020.

The ARMC exercises professional oversight of the integrity of the financial statements and reports before presenting the financial statements and reports to the Board for approval. The ARMC also provides assurance to the Board, with support and clarifications from the external auditors that the financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

The Company recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. The ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC. The policy, which is codified in the ARMC's terms of reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a member of the ARMC. At present, none of the ARMC members are former key audit partners of the external auditors appointed by the Group.

The ARMC was satisfied with the suitability of the external auditors, HLB AAC based on the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit. In view of the above, the ARMC recommends to the Board the re-appointment of HLB AAC as the auditors of the Company which is subject to approval of shareholders at the AGM whilst their remuneration is determined by the Board.

The ARMC ensures that the external auditors are independent of the activities they audit and reviews the contracts for non-audit services by the external auditors. The amount of non-audit fees charged by external auditors was RM3,000.00.

#### Directors' Responsibilities Statement

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year. The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2020, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The ARMC assists the Board in maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives.

The Executive Directors and the senior management are responsible for the identification and evaluation of key risks applicable to the Group's business activities on a continuous basis. Risks identified are reported on a timely manner during the periodic management meetings and is periodically updated to the ARMC. The ARMC reviews the risks identified regularly and ensure corrective actions are taken.



## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

The Group had outsourced its internal audit functions to an independent consulting firm as part of its strategy to assure the Board on its adequacy and effectiveness of the internal control system of the Group. The professional firm will carry out internal audits to review the adequacy and effectiveness of the internal control system and to identify areas of risks and report their findings and recommendations to the ARMC and subsequently to the Board by the ARMC Chairman. The Board is of the view that the system of internal control and risk management are in place and sufficient in safeguarding the Group's assets and shareholders' investment and the interest of all stakeholders.

The Statement on Risk Management and Internal Control which provides an overview on the state of risk management and internal control of the Group is set out on page 27 of the Company's 2020 Annual Report.

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

### I. COMMUNICATION WITH STAKEHOLDERS

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders' value and recognises the importance of timely dissemination of information to shareholders or stakeholders.

The Company aims to ensure that shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to them via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Group also leverages on a number of other formal channels for effective dissemination of information to shareholders and investors, particularly through the annual report, media releases, quarterly results, AGM and the Company's website at [www.oceancash.com](http://www.oceancash.com).

### II. CONDUCT OF GENERAL MEETINGS

The Group is of the view that general meetings are an important platform to engage with its shareholders and to address their concerns. To ensure effective participation of and engagement with shareholders at the 17<sup>th</sup> AGM of the Company held on 23 September 2020, all Directors except Ms Chan Soo Wah were present at the meeting to respond to the questions raised by the shareholders or proxies. Ms Chan Soo Wah was not well on the day of AGM. The Chairman and members of the Board and Board Committees, the Company Secretary and the senior management were present to respond to questions from the shareholders. The external auditors were also present to provide their professional and independent clarification on the conduct of the audit and the contents of the audit report.

The Chairman chaired the 17<sup>th</sup> AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The voting at the 17<sup>th</sup> AGM was conducted by poll and the Company utilises an electronic voting system to expedite the voting.

This Corporate Governance Overview Statement was approved by the Board on 15 April 2021.



# Other Compliance Information

## ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### Status of Utilisation of Proceeds

As at 31 December 2020, the Company had placed 15,500,000 new ordinary shares raising RM10,953,750.00. The status of the utilization of proceeds raised is as follows:

	Proceeds raised RM'000	Amount utilised RM'000	Amount unutilised RM'000
Purchase of machinery	10,654	Nil	10,654
Working capital	Nil	Nil	Nil
Placement expenses	300	195	105

### Audit and Non-Audit Services

The Group's audit and non-audit fees payable to the External Auditors or their affiliates for the financial year ended 31 December 2020 are RM140,752.00 and RM3,000.00 respectively.

### Material Contracts

There were no material contracts entered into by the Group involving the interests of the directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### Revaluation of Landed Properties

The Group does not adopt a policy of regular revaluation of its landed properties. During the financial year ended 31 December 2020, the Group had revalued its landed properties based on a valuation carried out by a registered valuer with an independent firm of professional valuers, using the Comparison Method of valuation basis. The revaluation surplus of RM9.02 million has been recognised as revaluation surplus in the Statement of Financial Position.

Save as disclosed above, carrying values of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2020.

### Recurrent Related Party Transactions of a Revenue or Trading Nature

There was no recurrent related party transaction of a revenue or trading nature made during the financial year ended 31 December 2020.

# Audit And Risk Management Committee Report

The Board had on 26 February 2018 resolved to have the risk management of the Company to be under the purview of the Audit Committee in view of the Company's current risk exposure. In view of this, the Audit Committee was renamed the Audit and Risk Management Committee ("**ARMC**"). The ARMC assumes the role in overseeing the risk management functions of the Group together with the Management.

The ARMC is pleased to present the ARMC Report for the financial year ended 31 December 2020 in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

## COMPOSITION OF ARMC

The current ARMC comprises three (3) members as follows:

<b>ARMC Members</b>	<b>Position</b>
Mr Ngiam Kee Tong (Redesignated as Chairman on 4 January 2021)	Chairman
Ms Crystal Yong Mei Yee	Member
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	Member
Ms Chan Soo Wah (Resigned as Chairman on 4 January 2021)	Former Chairman

The ARMC shall be appointed by the Board of Directors ("**Board**") from amongst the Directors and shall consist of not fewer than three (3) members. The ARMC comprises wholly of Independent Non-Executive Directors.

The Chairman of the ARMC is not the Chairman of the Board and be appointed from amongst their members who is an Independent Director. In the absence of the Chairman of the ARMC, the remaining members present shall elect one of their members as Chairman of the meeting. No alternate director is appointed as a member of the ARMC.

The Company complies with Paragraph 15.09(1)(c) of the MMLR as two (2) of the ARMC members namely Ms Crystal Yong Mei Yee and Mr Fong Wai Leong are member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants respectively.

## MEETING OF ARMC

The ARMC shall meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the ARMC Chairman.

The ARMC met five (5) times during the financial year ended 31 December 2020 and the records of attendance of the ARMC members are set out below:

<b>ARMC Members</b>	<b>Position</b>	<b>Attendance</b>
Mr Ngiam Kee Tong (Redesignated as Chairman on 4 January 2021)	Chairman	5/5
Ms Crystal Yong Mei Yee	Member	5/5
Mr Fong Wai Leong (Appointed as Member on 4 January 2021)	Member	N/A
Ms Chan Soo Wah (Resigned as Chairman on 4 January 2021)	Former Chairman	5/5

In addition to the ARMC members, the Group Finance Manager, the Group General Manager and the internal auditors shall normally attend the meetings as invitees. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts, annual financial statements and/or the external auditors are to be discussed. Other Board members, senior management and employees may attend the meeting upon the invitation of the ARMC Chairman.

# Audit And Risk Management Committee Report

(Cont'd)

## MEETING OF ARMC (cont'd)

The ARMC has a formal and transparent relationship with the external auditors. During the financial year ended 31 December 2020, Messrs Baker Tilly Monteiro Heng PLT (Chartered Accountants) ("BTMH") had on 16 October 2020 tendered their resignation as Auditors of the Company for the financial year ended 31 December 2020. The resignation of BTMH is on a voluntary basis as the Company could not reach a consensus on the proposed audit fees for the financial year ended 31 December 2020. In replacement thereof, Messrs Morison AAC PLT ("Morison AAC") (Chartered Accountants) was appointed as the new auditors of the Company effective 12 November 2020 and to hold office until the conclusion of the next Annual General Meeting ("AGM"). Morison AAC had on 13 January 2021 changed its name to HLB AAC PLT ("HLB AAC") (Chartered Accountants).

During the financial year ended 31 December 2020, the ARMC met with the external auditors twice in the absence of the Executive Directors and the management to discuss their audit findings and the level of co-operation and assistance rendered by the management to audit personnel during the course of their audit. The ARMC met with BTMH on 25 June 2020 and HLB AAC on 24 November 2020.

Notice of meeting shall be sent to all the ARMC members and any other person who may be required or invited to attend. All quarterly results and annual financial statements shall be reviewed and discussed by the ARMC in the ARMC meeting to be held prior to the Board meeting and be presented to the Board for approval. The ARMC Chairman shall report on each meeting to the Board.

The Company Secretary shall be the secretary of the ARMC and will be responsible for sending out notice of meetings, preparing and keeping minutes of meetings and circulating the minutes of meetings to all the ARMC members. Notice of meeting and supporting documents are to be circulated to the ARMC members at least seven (7) days prior to the meeting so as to provide the ARMC members with relevant and timely information for effective discussions during the meeting.

The terms of reference of the ARMC is reviewed by the Board in accordance with the needs of the Group and is published on the Company's website at [www.oceancash.com](http://www.oceancash.com).

## SUMMARY OF ARMC ACTIVITIES

In line with the terms of reference of the ARMC, the following activities were carried out by the ARMC during the financial year ended 31 December 2020 :

### 1. Financial Reporting

#### (a) Review of Quarterly Results

The ARMC reviewed the financial positions, quarterly results and announcements for the respective financial quarters prior to submission to the Board for consideration and approval.

There were four (4) quarterly results tabled at the ARMC meetings which were held on 27 February 2020, 25 June 2020, 27 August 2020 and 24 November 2020.

#### (b) Audited Financial Statements

The ARMC reviewed the audited financial statements together with the Directors' and Auditors' Reports and made recommendations to the Board for approval. The ARMC ensures the reports are prepared in compliance with the Malaysian Financial Reporting Standards, Applicable Accounting Standards, the Companies Act 2016 and the MMLR prior to submission to the Board for approval.

On 25 June 2020, the ARMC reviewed the audited financial statements for the financial year ended 31 December 2019 duly audited by BTMH.

## SUMMARY OF ARMC ACTIVITIES (cont'd)

### 1. Financial Reporting (cont'd)

#### (c) Change of Auditors

On 16 October 2020, BTMH had tendered their resignation as auditors of the Company for the financial year ended 31 December 2020.

On 12 November 2020, the Company appointed Morison AAC (now known as HLB AAC) as the new Auditors of the Company for the financial year ended 31 December 2020.

#### (d) Statement on Risk Management and Internal Control (“SORMIC”)

The ARMC reviewed the SORMIC together with the internal auditors and external auditors and received assurance from the Executive Directors and the management that the Group’s risk management and internal control systems are operating adequately and effectively in all aspects before recommending the same to the Board for approval.

On 11 June 2020, the ARMC reviewed the SORMIC for publication in the Annual Report 2019.

### 2. External Audit

The ARMC reviewed the external audit planning memorandum which outlined the audit scope, audit process and areas of emphasis based on the presentation of the audit plan of the external auditors.

The ARMC considered the findings presented by the external auditors in their audit review memorandum and the responses from the management.

The ARMC reviewed the fees and types of non-audit services provided by the external auditors. The non-audit fees incurred for the financial year ended 31 December 2020 was in respect of the review of the SORMIC.

The ARMC is satisfied with the suitability of HLB AAC based on their independence, the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit and recommended to the Board the re-appointment of HLB AAC as the auditors of the Company at the forthcoming AGM.

### 3. Internal Audit

The Group outsourced its internal audit functions to a professional internal audit firm. The internal auditors were engaged to conduct regular reviews and appraisals of the effectiveness of the internal control process, governance and risk management within the Group.

The internal auditors report directly to the ARMC and they are given full access to all the documents relating to the governance, financial statements and operational assessments of the Group.

On 27 August 2020, the ARMC reviewed the Group’s internal audit plan and scope of work for the financial year ended 31 December 2020.

On 24 November 2020, the ARMC reviewed the audit findings on Purchasing Cycle for the subsidiaries namely, Oceancash Felts Sdn Bhd and Oceancash Nonwoven Sdn Bhd, the recommendations from the internal auditors and the management’s responses. The ARMC ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from the internal auditors.

### 4. Risk Management

The ARMC reviewed the operational and financial performance of the Group to ensure that appropriate measures are taken to address any significant risk.

The ARMC reviewed the ARMC Report and SORMIC and received assurance from the Executive Directors and the management that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects.

# Audit And Risk Management Committee Report

(Cont'd)

## SUMMARY OF ARMC ACTIVITIES (cont'd)

### 5. Related Party Transaction (“RPT”) and Conflict of Interest (“COI”)

At each quarterly meeting, the ARMC reviewed the RPT and COI situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The ARMC reviewed whether the RPT and COI situations determined by the Executive Directors and the management are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction.

During the financial year ended 31 December 2020, there was no COI situation reported. RPT for the financial year ended 31 December 2020 is as disclosed in Note 25 to the financial statements.

## INTERNAL AUDIT FUNCTIONS

During the financial year ended 31 December 2020, the Group had outsourced its internal audit functions to an independent audit firm to assist the ARMC in discharging its duties and responsibilities.

The internal auditors report directly to the ARMC and provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes within the Group. The internal auditors adopt a risk-based approach in planning and conducting of audit.

The scope and plan of the internal audit activities are identified annually and approved by the ARMC. The ARMC receives report of the findings of the internal audit with recommendations from the internal auditors and responses from the management. The ARMC reviews the findings with the management to ensure that the necessary corrective actions are implemented and thereafter, the ARMC Chairman will report to the Board.

The total cost incurred for the internal audit functions of the Group for the financial year ended 31 December 2020 was RM16,000.00.

## EMPLOYEES SHARE OPTION SCHEME

No allocation of options pursuant to employees share option scheme was made during the financial year ended 31 December 2020.

# Statement On Risk Management And Internal Control

## BOARD RESPONSIBILITIES

The Board is overall responsible for the Group's system of internal control and risk management practices which includes reviewing the adequacy and effectiveness of this system to safeguard shareholders' investment and the Group's assets. The system of internal control covers not only financial controls but also operational and compliance controls for the Group.

However, the Group's system of internal control and system of risk management are designed to manage and not eliminate the risk of failure to achieve the business objectives; hence it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has a continuous process to identify, evaluate and manage the significant risks faced by the Group to obtain a reasonable assurance that business objectives are met. This process has been in place for the year under review and is regularly reviewed by the Board.

Currently, the Group does not have an in-house internal audit function. The Board believes that the same objectives can be achieved as it has established the working structure with clearly defined lines of accountability and delegated authorities and the current key processes of the Group's internal control system are sufficient for the size and operations of the Group. The Group has outsourced its internal audit function to a professional firm as part of its strategy to further provide the Board with assurances regarding the adequacy and effectiveness of the internal control system.

The outsourced internal audit function carried out internal audits to review the adequacy and effectiveness of the internal control system and to identify area of risks based on the audit plan that has been approved by Audit and Risk Management Committee. The internal auditors reported their findings and recommendations to the management and subsequently to the Audit and Risk Management Committee.

## INTERNAL CONTROL SYSTEM

The key processes of the internal control system are as follows:

- The Group has an organisation structure with clearly defined duties, lines of responsibilities, authority and accountability;
- The management meet the key personnel every month to discuss and to monitor key operational indicators;
- Day to day affairs and operational procedures are monitored and regularly reviewed by the management;
- The executive directors receive regular reports on monthly financial statements, business performances and developments and other corporate matters; and
- Surveillance audits are conducted periodically by a certification body to ensure compliance with the ISO 9001.

## RISK MANAGEMENT

The Group has an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of its business objective. Currently these processes are executed by the key personnel and executive directors. The key personnel have access to important information and key operational indicators to enable them to identify and improve on the system of internal control and system of risk management and facilitate the decision making process. The key personnel and executive directors will follow-up with the action plan to correct the weakness of the internal controls and to minimise risk of the Group. The key personnel will attend trainings and seminars to ensure compliance of the regulatory bodies. The progress of the risk management process is periodically updated to the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews this process regularly and enhances it as and when needed to ensure sustainability.

## CONCLUSION

There were no material losses incurred by the Group during the financial year ended 31 December 2020 as a result of weaknesses in the Group's system of internal control. The Group continues to take the necessary measures to strengthen its internal controls. However, such system, despite it being well designed, implemented and monitored, does not eliminate the possibility of human error, collusion or deliberate circumvention of control procedures. The Board is of the view that the current system of risk management and internal controls are adequate for the current business environment and level of operation.

The CEO and Group Finance Manager have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.



# Directors' Report

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

## PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to owners of the Company	4,314,223	2,214,190

## DIVIDEND

Since the end of the previous financial year, the Company paid a first interim single-tier dividend of RM0.008 per share amounting to RM2,086,400 in respect of the financial year ended 31 December 2020 on 31 December 2020.

The Directors do not recommend any final dividend for the financial year ended 31 December 2020.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM26,248,670 comprising of 245,300,000 ordinary shares to RM37,007,159 comprising of 260,800,000 ordinary shares through issuance of 15,500,000 new ordinary shares for expansion of production line and working capital pursuant to private placement at issuance price ranging from RM0.70 to RM0.718 per ordinary shares. The newly issued ordinary shares ranked pari passu in all respect with the existing shares.

There were no issuance of debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.



## 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:

Crystal Yong Mei Yee  
 Ngiam Kee Tong  
 Tan Wey Chien  
 Tan Siew Chin  
 Tan Wey Chung  
 Fong Wai Leong  
 Tan Siew Tyan  
 Chan Soo Wah

(Appointed on 2 January 2020)  
 (Appointed on 4 January 2021)  
 (Resigned on 2 January 2020)  
 (Resigned on 4 January 2021)

The names of Directors of subsidiaries are set out the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	At 1.1.2020	Number of ordinary shares		At 31.12.2020
		Acquired	Disposed	
<b>Interest in the Company</b>				
<b>Direct interest:</b>				
Tan Siew Chin	107,833,924	-	(8,363,000)	99,470,924
<b>Indirect interest:</b>				
Tan Siew Chin*	37,279,374	-	-	37,279,374

\* Deemed interested through his spouse's direct interest in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of his interests in the ordinary shares of the Company, Tan Siew Chin is also deemed to be interested in the ordinary shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries 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 shown in 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.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 25 to the financial statements.

# Directors' Report

(Cont'd)

## SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 4 to the financial statements.

## AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 20 to the financial statements.

## INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that no known bad debts had been written off and that no provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

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

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; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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

## AUDITORS

The auditors, HLB AAC PLT (LLP0022843-LCA & AF001977) (formerly known as Morison AAC PLT), have expressed their willingness to accept re-appointment.

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

.....  
**TAN SIEW CHIN**

.....  
**TAN WEY CHIEN**

KUALA LUMPUR  
15 APRIL 2021

# Statements Of Financial Position

As At 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	3	81,988,631	61,140,146	-	-
Investment in subsidiary companies	4	-	-	26,180,518	24,280,518
Deferred tax assets	5	2,228,949	2,258,732	-	-
		84,217,580	63,398,878	26,180,518	24,280,518
<b>Current Assets</b>					
Inventories	6	8,457,332	10,738,749	-	-
Trade receivables	7	15,345,987	17,530,327	-	-
Other receivables	8	1,678,203	2,674,829	1,000	1,000
Tax recoverable		930,623	349,289	20,000	20,000
Other investments	9	11,864,294	2,642,698	11,382,664	2,176,096
Cash and bank balances		12,777,949	11,648,634	78,672	114,671
		51,054,388	45,584,526	11,482,336	2,311,767
<b>TOTAL ASSETS</b>		135,271,968	108,983,404	37,662,854	26,592,285
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	10	37,007,159	26,248,670	37,007,159	26,248,670
Reserves	11	71,524,302	63,289,290	292,208	164,418
<b>Total Equity Attributable to Owners of the Company</b>		108,531,461	89,537,960	37,299,367	26,413,088
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Borrowings	12	3,508,230	-	-	-
Lease liabilities	13	1,202,975	677,349	-	-
Provision for retirement benefits	14	153,828	116,214	-	-
Deferred tax liabilities	5	5,217,170	3,046,253	-	-
		10,082,203	3,839,816	-	-
<b>Current Liabilities</b>					
Trade payables	15	2,708,224	2,999,130	-	-
Other payables	16	5,112,029	2,860,243	178,487	59,197
Amount owing to Directors	17	185,000	120,000	185,000	120,000
Current tax liabilities		-	435,276	-	-
Borrowings	12	7,944,417	8,712,149	-	-
Lease liabilities	13	708,634	478,830	-	-
		16,658,304	15,605,628	363,487	179,197
<b>TOTAL LIABILITIES</b>		26,740,507	19,445,444	363,487	179,197
<b>TOTAL EQUITY AND LIABILITIES</b>		135,271,968	108,983,404	37,662,854	26,592,285

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	18	80,168,680	89,344,493	2,690,542	2,907,350
Cost of sales		(69,874,715)	(74,066,792)	-	-
Gross profit		10,293,965	15,277,701	2,690,542	2,907,350
Other income		1,208,405	1,433,058	-	-
Administrative expenses		(3,462,277)	(4,373,287)	(476,352)	(372,571)
Selling and distribution expenses		(2,789,025)	(2,851,636)	-	-
Profit from operation		5,251,068	9,485,836	2,214,190	2,534,779
Finance costs	19	(407,979)	(458,178)	-	-
Profit before taxation	20	4,843,089	9,027,658	2,214,190	2,534,779
Taxation	21	(528,866)	(1,923,313)	-	(329)
Profit for the financial year		4,314,223	7,104,345	2,214,190	2,534,450
<i>Other comprehensive income:</i>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Gains on revaluation of leasehold land and buildings		6,855,751	-	-	-
Exchange differences arising from translation of foreign operations		(848,562)	749,959	-	-
Other comprehensive income for the financial year		6,007,189	749,959	-	-
Total comprehensive income for the financial year		10,321,412	7,854,304	2,214,190	2,534,450
<b>Profit for the financial year attributable to:</b>					
Owners of the Company		4,314,223	7,104,345	2,214,190	2,534,450
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the Company		10,321,412	7,854,304	2,214,190	2,534,450
<b>Earnings per share attributable to owners of the Company</b>					
- Basic and diluted (sen)	22	1.73	2.90		

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

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020

Group	Note	← Attributable to Owners of the Company →				Total equity RM
		Share capital RM	Foreign currency translation reserve RM	Revaluation reserve RM	Distributable Retained earnings RM	
<b>At 1 January 2020</b>		26,248,670	(905,054)	7,397,609	56,796,735	89,537,960
Profit for the financial year		-	-	-	4,314,223	4,314,223
Other comprehensive income:						
- Gains on revaluation of land and buildings		-	-	6,855,751	-	6,855,751
- Exchange differences arising from translation of foreign operations		-	(848,562)	-	-	(848,562)
Total comprehensive income for the financial year		-	(848,562)	6,855,751	4,314,223	10,321,412
Transfer to retained earnings		-	-	(149,083)	149,083	-
Issuance of shares pursuant to private placement	10	10,758,489	-	-	-	10,758,489
Dividend	23	-	-	-	(2,086,400)	(2,086,400)
Total transactions with owners		10,758,489	-	-	(2,086,400)	8,672,089
<b>At 31 December 2020</b>		37,007,159	(1,753,616)	14,104,277	59,173,641	108,531,461
<b>At 1 January 2019</b>		26,248,670	(1,655,013)	7,509,747	52,033,252	84,136,656
Profit for the financial year		-	-	-	7,104,345	7,104,345
Other comprehensive income:						
- Exchange differences arising from translation of foreign operations		-	749,959	-	-	749,959
Total comprehensive income for the financial year		-	749,959	-	7,104,345	7,854,304
Transfer to retained earnings		-	-	(112,138)	112,138	-
Dividend	23	-	-	-	(2,453,000)	(2,453,000)
<b>At 31 December 2019</b>		26,248,670	(905,054)	7,397,609	56,796,735	89,537,960

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

# Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020

Company	Note	← Attributable to Owners of the Company →		
		Share capital RM	Retained earnings RM	Total equity RM
<b>At 1 January 2020</b>		26,248,670	164,418	26,413,088
Profit for the financial year		-	2,214,190	2,214,190
Issuance of shares pursuant to private placement	10	10,758,489	-	10,758,489
Dividend	23	-	(2,086,400)	(2,086,400)
		10,758,489	(2,086,400)	8,672,089
<b>At 31 December 2020</b>		37,007,159	292,208	37,299,367
<b>At 1 January 2019</b>		26,248,670	82,968	26,331,638
Profit for the financial year		-	2,534,450	2,534,450
Dividend	23	-	(2,453,000)	(2,453,000)
<b>At 31 December 2019</b>		26,248,670	164,418	26,413,088

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	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from operating activities</b>				
Profit before taxation	4,843,089	9,027,658	2,214,190	2,534,779
Adjustments for:				
Depreciation of property, plant and equipment	4,081,671	3,801,337	-	-
Depreciation of right-of-use assets	1,099,845	587,772	-	-
Loss on disposal of property, plant and equipment	-	23,734	-	-
Property, plant and equipment written off	169	-	-	-
Impairment loss of property, plant and equipment	5,422	-	-	-
Remeasurement gain of the net defined benefit plan	40,071	22,013	-	-
Finance costs	407,979	458,178	-	-
Interest income	(211,227)	(179,784)	-	-
Dividend income	(113,249)	(238,723)	(2,690,542)	(2,907,350)
Reversal of expected credit loss on trade receivable	-	(293,644)	-	-
Net unrealised foreign exchange (gain)/loss	(175,820)	125,960	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>9,977,950</b>	<b>13,334,501</b>	<b>(476,352)</b>	<b>(372,571)</b>
Changes in working capital:				
Inventories	2,281,417	(1,981,453)	-	-
Trade receivables	2,167,750	(888,250)	-	-
Other receivables	996,626	(353,871)	-	11,708
Amount owing by subsidiary companies	-	-	-	1,490,828
Trade payables	(229,557)	67,466	-	-
Other payables	2,316,786	658,469	184,290	(52,664)
Bill payables	(1,058,464)	(249,315)	-	-
	6,474,558	(2,746,954)	184,290	1,449,872
Net cash generated from/(used in) operations	16,452,508	10,587,547	(292,062)	1,077,301
Interest paid	(407,979)	(426,248)	-	-
Interest received	211,227	179,784	-	-
Tax paid	(1,492,566)	(1,341,887)	-	(106,399)
Tax refund	-	571,993	-	11,559
	(1,689,318)	(1,016,358)	-	(94,840)
Net cash generated from/(used in) operating activities	14,763,190	9,571,189	(292,062)	982,461

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2020

(Cont'd)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from investing activities</b>					
Investment in subsidiary companies	4	-	-	(1,900,000)	(1,490,839)
Purchase of property, plant and equipment	24(a)	(10,511,799)	(11,319,629)	-	-
Proceeds from disposal of property, plant and equipment		-	57,100	-	-
Dividend received		113,249	238,723	2,690,542	2,907,350
Net (placement)/disposal of other investments		(9,221,596)	1,936,992	(9,206,568)	(149,004)
Net cash (used in)/generated from investing activities		(19,620,146)	(9,086,814)	(8,416,026)	1,267,507
<b>Cash flows from financing activities</b>					
Dividend paid	23	(2,086,400)	(2,453,000)	(2,086,400)	(2,453,000)
Repayment of lease liabilities	24(b)	(643,492)	(118,282)	-	-
Repayment of term loans	24(b)	(711,777)	(1,661,690)	-	-
Proceeds from issuance of share capital, net of transaction costs	10	10,758,489	-	10,758,489	-
Net cash generated from/(used in) financing activities		7,316,820	(4,232,972)	8,672,089	(2,453,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,459,864	(3,748,597)	(35,999)	(203,032)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(260,949)	(179,875)	-	-
<b>Translation differences</b>		(310,849)	(70,869)	-	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		10,889,883	14,889,224	114,671	317,703
<b>Cash and cash equivalents at the end of the financial year</b>		12,777,949	10,889,883	78,672	114,671
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Cash and bank balances		12,777,949	11,648,634	78,672	114,671
Bank overdraft	12(b)	-	(758,751)	-	-
		12,777,949	10,889,883	78,672	114,671

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

# Notes To The Financial Statements

## 1. Corporate Information

The principal activities of the Company are engaged in investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

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

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

The principal place of business of the Company is located at Lot 73, Jalan P10/21, Taman Industri Selaman, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

## 2. Basis of Preparation and Significant Accounting Policies

### 2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4.

Amendments to accounting standards and amendments to IC interpretation that are effective for the Group's and the Company's financial year beginning on or after 1 January 2020 are as follows:

- Amendments to References to the Conceptual Framework in MFRS Standards:
  - Amendments to MFRS 2, "Share Based Payments"
  - Amendments to MFRS 3, "Business Combinations"
  - Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"
  - Amendments to MFRS 14, "Regulatory Deferral Accounts"
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
  - Amendments to MFRS 134, "Interim Financial Reporting"
  - Amendments to MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets"
  - Amendments to MFRS 138, "Intangible Assets"
  - Amendments to IC Interpretation 12, "Service Concession Arrangements"
  - Amendments to IC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"
  - Amendments to IC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"
  - Amendments to IC Interpretation 22, "Foreign Currency Transactions and Advance Considerations"
  - Amendments to IC Interpretation 132, "Intangible Assets-Web Site Costs"

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.1 Basis of preparation (cont'd)

- Amendments to MFRS 3, "Business Combinations" (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
  - Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - Amendments to MFRS 9, "Financial Instruments"
  - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above amendments to accounting standards and amendments to IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

The Group and the Company early adopted amendment to MFRS 16, "COVID-19-Related Rent Concessions" which exempts lessees from having to determine whether rent concessions on individual lease contracts as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

#### ***Annual periods beginning on/after 1 January 2021***

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform – Phase 2:
  - Amendments to MFRS 4, "Insurance Contracts"
  - Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - Amendments to MFRS 9, "Financial Instruments"
  - Amendments to MFRS 16, "Leases"
  - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

#### ***Annual periods beginning on/after 1 January 2022***

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
  - Amendment to MFRS 101, "First-time Adoption of Malaysian Financial Reporting Standards"
  - Amendment to MFRS 9, "Financial Instruments"
  - Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
  - Amendment to MFRS 141, "Agriculture"

#### ***Annual periods beginning on/after 1 January 2023***

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts"
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)

# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.1 Basis of preparation (cont'd)

#### *Effective date yet to be determined by the Malaysian Accounting Standards Board*

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The adoption of the accounting standards and amendments to accounting standards, are not expected to have a significant impact to the financial statements of the Group and of the Company.

### 2.2 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

### 2.3 Basis of consolidation

#### Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.3 Basis of consolidation (cont'd)

#### Subsidiary companies (cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

### 2.4 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

(ii) Valuation of leasehold land and buildings

The Group carries its leasehold land and buildings at revaluation less accumulated depreciation and accumulated impairment losses. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at the date of the revaluation.

(iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

### 2.5 Summary of significant accounting policies

(a) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.



# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (b) Property, plant and equipment

##### (i) Recognition and measurement

Property, plant and equipment are initially stated at cost. Freehold land and buildings are subsequently measured at revaluation less accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as net in the profit or loss.

##### (ii) Depreciation and impairment

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight-line method to their residual values over their estimated useful lives as follows:

Leasehold land	10 - 84 years
Buildings	10 - 37 years
Plant and machinery	3 - 10 years
Factory equipment	3 - 10 years
Office equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years
Renovation	3 - 10 years
Right-of-use assets	2 - 5 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2.5(c).



## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (c) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (d) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damage, obsolete or slow-moving inventories.

Cost is determined using the first in, first out method for raw materials and weighted average method for work-in-progress and finished goods, respectively. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### (e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

(f) Foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the translation reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the exchange reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (g) Financial assets

##### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

##### (ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### (iii) Subsequent measurement

###### Debt instruments

Debt instruments mainly comprise of trade and other receivables, amount owing by subsidiary companies, other investments and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (g) Financial assets (cont'd)

##### (iii) Subsequent measurement (cont'd)

###### Debt instruments (cont'd)

- FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

###### Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

##### (iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company defines a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (g) Financial assets (cont'd)

##### (iv) Impairment (cont'd)

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

#### (h) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (i) Offsetting financial instruments

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

#### (j) Leases

##### Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (j) Leases (cont'd)

##### Accounting by lessee (cont'd)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

#### (k) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.



## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

#### (m) Revenue and income recognition

##### (i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

##### Sale of goods

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

##### (ii) Other revenue and income

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

##### Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (n) Employee benefits

##### (i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined contribution plans

Defined contribution plan are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient asset to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. The Group contributes to the statutory pension schemes as defined by the laws of the countries in which it has operations.



# Notes To The Financial Statements

(Cont'd)

## 2. Basis of Preparation and Significant Accounting Policies (cont'd)

### 2.5 Summary of significant accounting policies (cont'd)

(n) Employee benefits (cont'd)

(iii) Defined benefit plans

The defined benefit liability recognised in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the end of the reporting period on government bonds which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Differences between initial recognised amount and the redemption value are recognised in profit or loss over the period of the borrowings using the effective interest method.

(p) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise be avoided.

(q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman and Chief Executive Officer that makes strategic decisions.

## 3. Property, Plant and Equipment

Group	At Valuation				At Cost							Total RM
	Buildings RM	Leasehold land RM	Freehold land RM	Plant and machinery RM	Factory equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Capital work in progress RM	Right-of -use assets RM	
<b>Cost/Valuation</b>												
At 1.1.2020	13,541,797	14,885,916	4,712,073	53,305,343	2,778,439	873,436	866,813	1,281,885	3,598,841	612,362	7,531,306	103,988,211
Additions	4,248,643	-	-	10,694,384	449,625	41,937	38,425	-	291,960	408,325	1,398,922	17,572,221
Disposals	-	-	-	-	-	(34,939)	(38,726)	-	-	-	-	(73,665)
Written off	-	-	-	-	-	(960)	(290)	-	-	-	-	(1,250)
Elimination of accumulated depreciation on revaluation	(1,313,105)	(1,057,210)	-	-	-	-	-	-	-	-	-	(2,370,315)
Revaluation (deficit)/surplus	(1,410,599)	10,431,294	-	-	-	-	-	-	-	-	-	9,020,695
Reclassification	344,362	-	-	-	268,000	-	-	-	-	(612,362)	-	-
Exchange differences	(127,983)	-	(71,926)	(394,479)	(6,998)	(1,572)	(1,071)	(2,626)	-	1,455	(161,711)	(766,911)
At 31.12.2020	15,283,115	24,260,000	4,640,147	63,605,248	3,489,066	877,902	865,151	1,279,259	3,890,801	409,780	8,768,517	127,368,986
<b>Accumulated depreciation/ impairment</b>												
At 1.1.2020	2,254,586	969,883	-	34,336,774	2,056,113	622,495	300,732	755,726	405,911	-	1,145,845	42,848,065
Charge for the financial year	494,100	264,205	80,335	2,663,573	272,965	76,283	67,416	53,182	373,817	-	835,640	5,181,516
Disposals	-	-	-	-	-	(34,939)	(38,726)	-	-	-	-	(73,665)
Written off	-	-	-	-	-	(960)	(121)	-	-	-	-	(1,081)
Elimination of accumulated depreciation on revaluation	(1,313,105)	(1,057,210)	-	-	-	-	-	-	-	-	-	(2,370,315)
Exchange differences	(24,127)	-	288	(157,470)	(5,101)	(896)	(881)	(267)	-	-	(21,133)	(209,587)
At 31.12.2020	1,411,454	176,878	80,623	36,842,877	2,323,977	661,983	328,420	808,641	779,728	-	1,960,352	45,374,933
<b>Accumulated impairment loss</b>												
At 1.1.2020	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	5,422	-	-	-	-	-	-	-	-	-	-	5,422
At 31.12.2020	5,422	-	-	-	-	-	-	-	-	-	-	5,422
<b>Carrying amount</b>												
At 31.12.2020	13,866,239	24,083,122	4,559,524	26,762,371	1,165,089	215,919	536,731	470,618	3,111,073	409,780	6,808,165	81,988,631

# Notes To The Financial Statements

(Cont'd)

## 3. Property, Plant and Equipment (cont'd)

Group	At Valuation				At Cost							Total RM
	Buildings RM	Leasehold land RM	Freehold land RM	Plant and machinery RM	Factory equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Capital work in progress RM	Right-of -use assets RM	
<b>Cost/Valuation</b>												
At 1.1.2019	13,397,030	14,700,000	-	51,168,866	2,701,933	694,678	338,133	1,273,030	838,952	-	5,985,076	91,097,698
Additions	-	185,916	4,621,996	1,826,469	239,655	177,428	527,616	55,732	2,759,889	612,362	1,382,169	12,389,232
Disposals	-	-	-	(84,000)	(166,000)	-	-	(49,412)	-	-	-	(299,412)
Written off	-	-	-	(6,200)	(4,250)	-	-	-	-	-	-	(10,450)
Exchange differences	144,767	-	90,077	400,208	7,101	1,330	1,064	2,535	-	-	164,061	811,143
At 31.12.2019	13,541,797	14,885,916	4,712,073	53,305,343	2,778,439	873,436	866,813	1,281,885	3,598,841	612,362	7,531,306	103,988,211
<b>Accumulated depreciation</b>												
At 1.1.2019	1,753,663	785,935	-	31,584,464	1,851,299	553,816	247,198	680,148	301,795	-	721,166	38,479,484
Charge for the financial year	477,327	183,948	-	2,686,709	289,115	67,762	52,753	123,555	104,116	-	403,824	4,389,109
Disposals	-	-	-	(84,000)	(85,166)	-	-	(49,412)	-	-	-	(218,578)
Written off	-	-	-	(6,200)	(4,250)	-	-	-	-	-	-	(10,450)
Exchange differences	23,596	-	-	155,801	5,115	917	781	1,435	-	-	20,855	208,500
At 31.12.2019	2,254,586	969,883	-	34,336,774	2,056,113	622,495	300,732	755,726	405,911	-	1,145,845	42,848,065
<b>Carrying amount</b>												
At 31.12.2019	11,287,211	13,916,033	4,712,073	18,968,569	722,326	250,941	566,081	526,159	3,192,930	612,362	6,385,461	61,140,146

### 3. Property, Plant and Equipment (cont'd)

#### (a) Assets under financing arrangements

Included in property, plant and equipment of the Group are assets acquired under hire purchase financing and term loan arrangements with the following net carrying amount:

	Group	
	2020 RM	2019 RM
Plant and machinery	8,756,417	4,120,192
Motor vehicles	248,377	367,089
	9,004,794	4,487,281

A motor vehicle of the Group is registered under a key management personnel's name and it is being held in trust by the key management personnel.

#### (b) Assets pledged as security

Included in property, plant and equipment of the Group are assets pledged to the licensed banks to secure credit facilities granted to the subsidiaries as stated in Note 12 to the financial statements with the following net carrying amount:

	Group	
	2020 RM	2019 RM
Leasehold land	24,083,122	13,916,033
Buildings	6,036,645	7,093,771
Plant and machinery	8,756,417	-
	38,876,184	21,009,804

#### (c) Fair value information

The leasehold land and buildings of the Group were revalued based on a valuation report dated 30 June 2020. The valuation was carried out by an independent professional firm of valuers using comparison method of valuation. The comparison method entails comparison of the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to reflect the differences to arrive at the value of the subject property.

The significant input into this valuation approach is price per square foot of comparable properties.

#### Transfer between levels of fair value hierarchy

There are no transfers between levels of fair value hierarchy during the financial year ended 31 December 2020 and 31 December 2019.

#### Highest and best use

The Group's properties are currently office and factory buildings. The office and factory buildings are at its highest and best use as they are located on the prime land for building that are ideal for warehouse and factories.

# Notes To The Financial Statements

(Cont'd)

## 3. Property, Plant and Equipment (cont'd)

### (c) Fair value information (cont'd)

#### Highest and best use (cont'd)

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	Cost RM	Accumulated depreciation RM	Carrying amount RM
<b>Group</b>			
<b>2020</b>			
Leasehold land	4,821,810	(385,900)	4,435,910
Buildings	7,092,574	(1,191,229)	5,901,345
	11,914,384	(1,577,129)	10,337,255
<b>2019</b>			
Leasehold land	4,821,810	(312,229)	4,509,581
Buildings	6,633,044	(971,236)	5,661,808
	11,454,854	(1,283,465)	10,171,389

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

Fair value hierarchy of the leasehold land and buildings are as follows:

	Level 2 2020 RM	Level 2 2019 RM
<b>Group</b>		
Leasehold land	24,260,000	14,700,000
Buildings	8,740,000	8,300,000
	33,000,000	23,000,000

## 4. Investment in Subsidiary Companies

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost		
In Malaysia	22,789,679	22,789,679
Outside Malaysia	11	11
	22,789,690	22,789,690
Quasi loans*	3,390,828	1,490,828
	26,180,518	24,280,518

\* Quasi loans represent amount owing by a subsidiary which is non-trade in nature, unsecured and interest-free. The settlement is neither planned or likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary as this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

The subsidiary companies and shareholding therein are as follows:

Name of Company	Country of incorporation and principal place of business	Effective Ownership and voting Interest		Principal Activities
		2020 %	2019 %	
<b>Direct subsidiaries</b>				
Oceancash Nonwoven Sdn. Bhd. ("ONSB")	Malaysia	100	100	Manufacturing and trading of non-woven products
Oceancash Felts Sdn. Bhd. ("OFSB")	Malaysia	100	100	Manufacturing and distribution of resinated felts
<b>Indirect subsidiary held through OFSB 99.9% and through ONSB 0.01%</b>				
PT Oceancash Felts ("PTOF") #	Indonesia	100	100	Manufacturing and distribution of felts and manufacturing of parts and accessories for vehicles with four or more wheels
<b>Indirect subsidiary held through OFSB 99.9%, Oceancash Pacific Berhad ("OPB") 0.05% and ONSB 0.05%</b>				
Oceancash (Thailand) Co., Ltd ("Oceancash Thailand") #	Thailand	100	100	Manufacturing and trading of resinated felts and thermoplastic felts for automotive industry and air-conditioning industry

# Audited by chartered accountants other than HLB AAC PLT.

# Notes To The Financial Statements

(Cont'd)

## 5. DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Group	
	2020 RM	2019 RM
Deferred tax assets	2,228,949	2,258,732
Deferred tax liabilities	(5,217,170)	(3,046,253)
	(2,988,221)	(787,521)

The movement on the net deferred tax liabilities are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	(787,521)	(316,659)
Recognised in profit or loss (Note 21):		
- property, plant and equipment	130,319	(216,237)
- crystallisation of revaluation on leasehold land and buildings	33,000	32,880
- post employment benefits	(352)	5,503
- unutilised capital allowance	(124,739)	67,137
- unutilised reinvestment allowance	(1,078)	1,688
- unutilised tax losses	81,520	(248,404)
- others	(64,807)	(123,513)
	53,863	(480,946)
Recognised in other comprehensive income:		
- revaluation of leasehold land and buildings	(2,219,808)	-
- others	(23,214)	-
	(2,243,022)	-
Foreign currency exchange reserve	(11,541)	10,084
At 31 December	(2,988,221)	(787,521)



## 5. DEFERRED TAXATION (cont'd)

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

	Group	
	2020	2019
	RM	RM
Deferred tax assets		
- unutilised tax losses	337,213	418,733
- unutilised capital allowance	476,329	383,211
- unutilised reinvestment allowance	3,587,932	3,586,854
- provision for retirement benefit	30,766	28,928
- others	123,098	-
	4,555,338	4,417,726
Offsetting	(2,326,389)	(2,158,994)
Net deferred tax assets	2,228,949	2,258,732
Deferred tax liabilities		
- property, plant and equipment	(3,023,400)	(2,902,049)
- revaluation of leasehold land and buildings	(4,520,159)	(2,333,351)
- others	-	30,153
	(7,543,559)	(5,205,247)
Offsetting	2,326,389	2,158,994
Net deferred tax liabilities	(5,217,170)	(3,046,253)

## 6. INVENTORIES

	Group	
	2020	2019
	RM	RM
At cost:		
Machinery parts	930,932	1,072,064
Raw materials and packing materials	3,990,361	5,724,453
Work-in-progress	610,411	317,623
Finished goods	2,396,101	3,624,609
Goods-in-transit	529,527	-
	8,457,332	10,738,749

# Notes To The Financial Statements

(Cont'd)

## 7. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 days to 60 days (2019: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The currency profile of the Group's trade receivables are as follows:

	Group	
	2020 RM	2019 RM
Ringgit Malaysia	9,750,912	11,269,838
US Dollar	3,906,153	3,165,315
Indonesia Rupiah	1,688,922	3,095,174
	<u>15,345,987</u>	<u>17,530,327</u>

## 8. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	41,017	83,105	-	-
Deposits	439,088	170,014	1,000	1,000
Prepayments	1,198,098	2,387,138	-	-
GST refundable	-	34,572	-	-
	<u>1,678,203</u>	<u>2,674,829</u>	<u>1,000</u>	<u>1,000</u>

## 9. OTHER INVESTMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at fair value through profit or loss				
- Investment in unit trust, unquoted in Malaysia	11,864,294	2,642,698	11,382,664	2,176,096
	<u>11,864,294</u>	<u>2,642,698</u>	<u>11,382,664</u>	<u>2,176,096</u>

## 10. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Issued and fully paid</b>				
At 1 January	245,300,000	223,000,000	26,248,670	26,248,670
Issued during the financial year	15,500,000	22,300,000	10,758,489	-
At 31 December	260,800,000	245,300,000	37,007,159	26,248,670

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM26,248,670 comprising of 245,300,000 ordinary shares to RM37,007,159 comprising of 260,800,000 ordinary shares through issuance of 15,500,000 new ordinary shares for expansion of production line and working capital pursuant to private placement at issuance price ranging from RM0.70 to RM0.718 per ordinary shares. The newly issued ordinary shares ranked pari passu in all respect with the existing shares.

## 11. RESERVES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Distributable</b>					
Retained earnings		59,173,641	56,796,735	295,208	164,418
<b>Non-distributable</b>					
Revaluation reserve	(a)	14,104,277	7,397,609	-	-
Foreign currency translation reserve	(b)	(1,753,616)	(905,054)	-	-
		71,524,302	63,289,290	295,208	164,418

### (a) Revaluation reserve

The revaluation reserve represents the surplus on revaluation of leasehold land and buildings of the Group and are not available for distribution to the shareholders by way of dividends.

### (b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

# Notes To The Financial Statements

(Cont'd)

## 12. BORROWINGS

		Group	
	Note	2020 RM	2019 RM
<b>Non-current</b>			
Secured:			
Term loan	(a)	3,508,230	-
<b>Current</b>			
Secured:			
Term loan	(a)	1,150,658	101,175
Bank overdraft	(b)	-	758,751
Bills payable	(c)	6,793,759	7,852,223
		7,944,417	8,712,149
		11,452,647	8,712,149

### (a) Term loan

Term loan of a subsidiary of RM4,658,888 (2019: RM101,175) bears interest at 2.25% (2019: 12%) per annum and is secured by way of:

- (i) fixed charged over the plant and machinery as disclosed in Note 3(b) to the financial statements; and
- (ii) corporate guarantee of a subsidiary of the Company.

### (b) Bank overdraft

The bank overdraft bears interest at the rate of 6.82% (2019: 8.07%) per annum.

### (c) Bills payable

The bills payable bear interest at rates ranging from 1.50% to 3.00% (2019: 1.00% to 3.11%) per annum.

The bills payable and bank overdraft are secured by way of:

- (i) Third party third and fourth legal charges over the leasehold land and buildings of a subsidiary company as disclosed in Note 3(b) to the financial statements; and
- (ii) Corporate guarantee of the Company.

## 12. BORROWINGS (cont'd)

The currency profile of the Group's borrowings are as follows:

	Group	
	2020 RM	2019 RM
Ringgit Malaysia	-	758,751
US Dollar	11,452,647	7,852,223
Indonesia Rupiah	-	101,175
	<u>11,452,647</u>	<u>8,712,149</u>

## 13. LEASE LIABILITIES

	Group	
	2020 RM	2019 RM
Repayable within twelve months	708,634	478,830
Repayable after twelve months	1,202,975	677,349
	<u>1,911,609</u>	<u>1,156,179</u>

The hire purchase bear interest rate at 2.4% (2019: 2.4%) per annum.

## 14. PROVISION FOR RETIREMENT BENEFITS

A subsidiary operates unfunded defined retirement benefit plans for some of its employees.

	Group	
	2020 RM	2019 RM
Present value of unfunded obligation	153,828	116,214

The movement in the provision for retirement benefits is as follows:

	Group	
	2020 RM	2019 RM
At 1 January	116,214	90,647
Recognised in the profit or loss:		
- Current service cost	31,350	15,311
- Interest cost	8,721	6,702
	<u>40,071</u>	<u>22,013</u>
	156,285	112,660
Exchange differences	(2,457)	3,554
At 31 December	<u>153,828</u>	<u>116,214</u>

# Notes To The Financial Statements

(Cont'd)

## 14. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The principal actuarial assumptions used are as follows:

	Group	
	2020 RM	2019 RM
Discount rate	6.8%	7.9%
Future salary growth	5.0%	5.0%
Pension retirement age	55	55

Assumptions regarding future mortality are based on published statistics and mortality tables.

### Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined retirement benefit by the amounts shown below.

Group 2020	Effect on defined benefit obligation	
	Increase RM	Decrease RM
Increase/Decrease of 1% discount rate	132,670	179,369
Increase/Decrease of 1% expected rate of salary increase	178,580	132,914

## 15. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days (2019: 30 days to 120 days).

The currency profile of the Group's trade payables are as follows:

	Group	
	2020 RM	2019 RM
Ringgit Malaysia	664,664	618,665
US Dollar	572,137	570,621
Thai Baht	649,130	564,061
Indonesia Rupiah	822,293	1,245,783
	2,708,224	2,999,130

## 16. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	3,125,031	2,306,862	71,857	30,197
Accruals	1,986,998	447,872	106,630	29,000
SST payable	-	105,509	-	-
	<u>5,112,029</u>	<u>2,860,243</u>	<u>178,487</u>	<u>59,197</u>

The normal credit term granted to the Group and the Company is 30 days to 60 days terms (2019: 30 days to 60 days).

The currency profile of the Group's and the Company's other payables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	2,265,161	2,293,866	178,487	59,197
US Dollar	857,053	337,244	-	-
Thai Baht	1,699,008	4,098	-	-
Indonesia Rupiah	290,807	225,035	-	-
	<u>5,112,029</u>	<u>2,860,243</u>	<u>178,487</u>	<u>59,197</u>

## 17. AMOUNT OWING TO DIRECTORS

The amount owing to Directors represent outstanding director fees, which is unsecured, interest-free and repayable on demand.

## 18. REVENUE

Breakdown of revenue recognised from contracts with customers is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue recognised from contracts with customers:				
- Sales of non-woven products	57,125,838	55,690,494	-	-
- Sales of resinated felt	22,975,250	33,577,274	-	-
	<u>80,101,088</u>	<u>89,267,768</u>	<u>-</u>	<u>-</u>
Other revenue:				
- Dividend income	67,592	76,725	2,690,542	2,907,350
	<u>80,168,680</u>	<u>89,344,493</u>	<u>2,690,542</u>	<u>2,907,350</u>



# Notes To The Financial Statements

(Cont'd)

## 18. REVENUE (cont'd)

Breakdown of revenue recognised from contracts with customers is as follows: (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Timing of revenue recognition</b>				
At a point in time	80,168,680	89,344,493	2,690,542	2,907,350

Information on revenue recognised based on geographical regions is disclosed in Note 26 to the financial statements.

## 19. FINANCE COSTS

	Group	
	2020 RM	2019 RM
Interest expense on:		
- Term loans	94,807	93,841
- Lease liabilities	124,693	39,513
- Bank overdraft	12,209	11,834
- Bills payables	176,270	312,990
	407,979	458,178

## 20. PROFIT BEFORE TAXATION

Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration:				
- Malaysia operations				
- current year	95,000	117,000	32,000	41,000
- under provision in prior year	-	13,378	-	10,200
- Overseas operations				
- current year	45,752	58,115	-	-
Depreciation of property, plant and equipment	4,081,671	3,801,337	-	-
Depreciation of right-of-use assets	1,099,845	587,772	-	-
Property, plant and equipment written off	169	-	-	-
Impairment loss of property, plant and equipment	5,422	-	-	-
Dividend income	(45,658)	(161,998)	(2,690,542)	(2,907,350)
Short term leases	-	13,397	-	-
Interest income	(211,227)	(179,784)	-	-
Loss on disposal of property, plant and equipment	-	23,734	-	-
Net foreign exchange (gain)/loss:				
- realised	(877,343)	(902,866)	-	-
- unrealised	(175,820)	125,960	-	-

## 20. PROFIT BEFORE TAXATION (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Remeasurement gain of the net defined benefit liability	40,071	22,013	-	-
Reversal of expected credit loss on trade receivables	-	(293,644)	-	-
Staff costs:				
- salaries, allowance and bonuses	7,165,745	6,350,686	-	-
- defined contribution plans	538,761	502,593	-	-
- other staff related expenses	237,981	263,676	-	-

## 21. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current taxation:				
- Current year provision	570,982	1,384,678	-	-
- Under provision in prior year	11,747	57,689	-	329
	582,729	1,442,367	-	329
Deferred taxation:				
- Origination and reversal of temporary differences	(156,210)	381,197	-	-
- Under provision in prior year	102,347	99,749	-	-
	(53,863)	480,946	-	-
Taxation for the financial year	528,866	1,923,313	-	329

Malaysia income tax is calculated at the Malaysia statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# Notes To The Financial Statements

(Cont'd)

## 21. TAXATION (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	4,843,089	9,027,658	2,214,190	2,534,779
Taxation at statutory tax rate of 24% (2019: 24%)	1,162,341	2,166,638	531,406	608,347
Effect of different tax rates in foreign jurisdiction	25,592	(13,075)	-	-
Income not subject to tax	(533,736)	(398,979)	(645,730)	(697,764)
Non-deductible expenses	580,035	433,544	114,324	89,417
Origination of deferred tax arising from reinvestment allowance	-	(388,800)	-	-
Double deduction	-	(574)	-	-
Crystallisation of deferred tax	(45,311)	(32,879)	-	-
Changes in unrecognised temporary differences	(774,149)	-	-	-
Under provision of current taxation in prior years	11,747	57,689	-	329
Under provision of deferred taxation in prior years	102,347	99,749	-	-
Taxation for the financial year	528,866	1,923,313	-	329

## 22. EARNINGS PER SHARE

### (a) Basic earnings per 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 in issue during the financial year, calculated as follows:

	Group	
	2020	2019
Profit for the financial year attributable to the owners of the Company (RM)	4,314,223	7,104,345
Weighted average number of ordinary shares issued	248,746,038	245,300,000
Basic earnings per share (sen)	1.73	2.90

### (b) Diluted earnings per share

There is no diluted earnings per share as the Group does not have any dilutive potential ordinary of shares during the financial year.

## 23. DIVIDEND

	Group/Company	
	2020 RM	2019 RM
First interim single-tier tax exempt dividend of 0.80 sen per ordinary share in respect of financial year ended 31 December 2020, paid on 31 December 2020	2,086,400	-
Single-tier tax exempt interim dividend of 1 sen per ordinary share in respect of financial year ended 31 December 2019, paid on 27 December 2019	-	2,453,000

## 24. CASH FLOW INFORMATION

### (a) Purchase of property, plant and equipment

	Group	
	2020 RM	2019 RM
Addition of property, plant and equipment purchased	17,572,221	12,389,232
Financed by borrowings/hire purchase	(5,661,500)	(200,000)
Addition of right-of-use assets	(1,398,922)	(869,603)
Total non-cash additions	(7,060,422)	(1,069,603)
Cash payment	10,511,799	11,319,629

### (b) Reconciliation of liabilities from financing activities

	Lease liabilities RM	Term loans RM	Total RM
At 1 January 2019	82,202	1,762,865	1,845,067
Cash flows	(118,282)	(1,661,690)	(1,779,972)
Lease financing for additions of property, plant and equipment	1,192,259	-	1,192,259
At 31 December 2019	1,156,179	101,175	1,257,354
At 1 January 2020	1,156,179	101,175	1,257,354
Cash flows	(643,492)	(711,777)	(1,355,269)
Additions of property, plant and equipment financed by hire purchase/borrowings	1,398,922	5,661,500	7,060,422
Foreign exchange movements	-	(392,010)	(392,010)
Total non-cash changes	1,398,922	5,269,490	6,668,412
At 31 December 2020	1,911,609	4,658,888	6,570,497

# Notes To The Financial Statements

(Cont'd)

## 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend income from:				
- Subsidiaries	-	-	2,622,950	2,830,625
Company in which a Director have substantial interest*:				
- Lease paid/payable	72,000	72,000	-	-

\* Oceancash Felts Sdn. Bhd and Oceancash Nonwoven Sdn. Bhd. both wholly-owned subsidiaries of the Company, had entered into a lease agreement with Oceancash Holdings Sdn. Bhd., a company in which certain directors have interests for a vacant land at a monthly rental of RM6,000. The lease is to facilitate the expansion of the said subsidiaries.

The remuneration of directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' remuneration				
- fees	185,000	120,000	185,000	120,000
- salaries, allowances and bonuses	1,027,122	1,172,073	16,800	18,600
- defined contribution plans	115,287	109,752	-	-
	1,327,409	1,401,825	201,800	138,600
Other key management personnel				
- salaries allowances and bonuses	619,422	584,315	-	-
- defined contribution plans	61,071	54,867	-	-
	680,493	639,182	-	-
	2,007,902	2,041,007	201,800	138,600

The estimated monetary value of other benefits, not included in the above, received by the directors and other key management personnel of the Group amounting to RM85,612 (2019: RM108,479).

## 26. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

- Insulation : Manufacturing and distribution of insulation products.
- Hygiene : Manufacturing and trading of hygiene products.
- Investment holding : Investment holding and provision of management services.

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Chairman and Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

	Insulation RM	Hygiene RM	Investment holding RM	Consolidation adjustments/ eliminations RM	Total RM
<b>2020</b>					
<b>REVENUE</b>					
External revenue	22,974,382	57,126,706	67,592	-	80,168,680
Intersegment revenue	146,966	-	2,622,950	(2,769,916)	-
	23,121,348	57,126,706	2,690,542	(2,769,916)	80,168,680
<b>RESULTS</b>					
Interest income					211,227
Interest expense					(407,979)
Depreciation of property, plant and equipment					4,081,671
Depreciation of right-of-use assets					1,099,845
Segment profit	1,729,317	3,098,557	2,214,190	(2,198,975)	4,843,089
Taxation	(480,187)	(48,679)	-	-	(528,866)
Profit for the financial year	1,249,130	3,049,878	2,214,190	(2,198,975)	4,314,223
<b>OTHER INFORMATION</b>					
Segment assets	79,423,960	74,946,881	37,662,854	(56,761,727)	135,271,968
Segment liabilities	29,921,817	25,683,830	363,487	(29,228,627)	26,740,507
Capital expenditure	4,551,216	13,021,005	-	-	17,572,221

# Notes To The Financial Statements

(Cont'd)

## 26. SEGMENT INFORMATION (cont'd)

	Insulation RM	Hygiene RM	Investment holding RM	Consolidation adjustments/ eliminations RM	Total RM
<b>2019</b>					
<b>REVENUE</b>					
External revenue	33,577,274	55,690,494	76,725	-	89,344,493
Intersegment revenue	-	-	2,830,625	(2,830,625)	-
	<u>33,577,274</u>	<u>55,690,494</u>	<u>2,907,350</u>	<u>(2,830,625)</u>	<u>89,344,493</u>
<b>RESULTS</b>					
Interest income					76,167
Interest expense					(458,178)
Depreciation of property, plant and equipment					(4,216,494)
Depreciation of right-of-use assets					(172,616)
Segment profit	5,976,123	3,341,146	2,534,779	(2,824,390)	9,027,658
Taxation	(1,327,674)	(595,310)	(329)	-	(1,923,313)
	<u>4,648,449</u>	<u>2,745,836</u>	<u>2,534,450</u>	<u>(2,824,390)</u>	<u>7,104,345</u>
<b>OTHER INFORMATION</b>					
Segment assets	52,137,801	56,539,174	26,572,285	(26,265,856)	108,983,404
Segment liabilities	5,986,798	14,397,525	179,197	(1,118,076)	19,445,444
Capital expenditure	7,851,329	6,617,228	-	(2,079,325)	12,389,232



**26. SEGMENT INFORMATION (cont'd)****Geographical segments**

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amount of non-current assets does not include financial instruments and deferred tax assets.

	Revenue RM	Non-current assets RM
<b>2020</b>		
Malaysia	33,855,365	56,542,368
Indonesia	6,951,904	16,334,194
Japan	24,688,281	-
Thailand	8,117,077	9,112,069
Others	6,556,053	-
	80,168,680	81,988,631
<b>2019</b>		
Malaysia	38,883,007	38,154,490
Indonesia	12,832,793	18,273,583
Japan	28,190,886	-
Thailand	7,086,899	4,712,073
Others	2,350,908	-
	89,344,493	61,140,146

**Major customers**

The following are major customers with revenue equal or more than 10% of the Group's revenue:

	Revenue		Segment
	2020 RM	2019 RM	
Customer A	15,095,182	17,554,975	Hygiene
Customer B	24,687,283	28,190,886	Hygiene

# Notes To The Financial Statements

(Cont'd)

## 27. 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 and therefore by the measurement basis.

	Financial asset and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
<b>2020</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	15,345,987	-	15,345,987
Other receivables	480,105	-	480,105
Other investments	-	11,864,294	11,864,294
Cash and bank balances	12,777,949	-	12,777,949
	28,604,041	11,864,294	40,468,335
<b>Financial liabilities</b>			
Trade payables	2,708,224	-	2,708,224
Other payables	5,112,029	-	5,112,029
Amount owing to Directors	185,000	-	185,000
Borrowings	11,452,647	-	11,452,647
Lease liabilities	1,911,609	-	1,911,609
	21,369,509	-	21,369,509
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	1,000	-	1,000
Other investments	-	11,382,664	11,382,664
Cash and bank balances	78,762	-	78,762
	79,762	11,382,664	11,462,426
<b>Financial liabilities</b>			
Other payables	178,487	-	178,487
Amount owing to Directors	185,000	-	185,000
	363,487	-	363,487

**27. FINANCIAL INSTRUMENTS (cont'd)**

	Financial asset and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
<b>2019</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	17,530,327	-	17,530,327
Other receivables	287,691	-	287,691
Other investments	-	2,642,698	2,642,698
Cash and bank balances	11,648,634	-	11,648,634
	<b>29,466,652</b>	<b>2,642,698</b>	<b>32,109,350</b>
<b>Financial liabilities</b>			
Trade payables	2,999,130	-	2,999,130
Other payables	2,860,243	-	2,860,243
Amount owing to directors	120,000	-	120,000
Borrowings	8,712,149	-	8,712,149
Lease liabilities	1,156,179	-	1,156,179
	<b>15,847,701</b>	<b>-</b>	<b>15,847,701</b>
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	1,000	-	1,000
Other investments	-	2,176,096	2,176,096
Cash and bank balances	114,671	-	114,671
	<b>115,671</b>	<b>2,176,096</b>	<b>2,291,767</b>
<b>Financial liabilities</b>			
Other payables	59,197	-	59,197
Amount owing to directors	120,000	-	120,000
	<b>179,197</b>	<b>-</b>	<b>179,197</b>

# Notes To The Financial Statements

(Cont'd)

## 27. FINANCIAL INSTRUMENTS (cont'd)

### Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

#### Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2020 RM	2019 RM
Neither past due nor individually impaired	10,552,726	11,536,582
Past due but not individually impaired		
- Between 1 - 60 days	4,365,059	5,320,057
- Between 61 - 120 days	428,202	673,688
	4,793,261	5,993,745
Individually impaired	-	-
	<u>15,345,987</u>	<u>17,530,327</u>

The Group's trade receivables of RM4,793,261 (2019: RM5,993,745) was past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

At the reporting date, the Group's concentration of the top 2 (2019: 2) trade customers of the Group represents 46% (2019: 45%) of the total trade receivables.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, amount owing to Directors, borrowings and lease liability.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

**27. FINANCIAL INSTRUMENTS (cont'd)****Financial risk management (cont'd)**Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	On demand or within one year RM	Between one to five years RM
<b>2020</b>					
<b>Group</b>					
Trade payables	2,708,224	-	2,708,224	2,708,224	-
Other payables	5,112,029	-	5,112,029	5,112,029	-
Amount owing to Directors	185,000	-	185,000	185,000	-
Borrowings	11,452,647	1.50% - 3.00%	11,665,332	8,037,422	3,627,910
Lease liabilities	1,911,609	2.40%	1,967,913	687,056	1,280,857
	<u>21,369,509</u>		<u>21,638,498</u>	<u>16,729,731</u>	<u>4,908,767</u>
<b>Company</b>					
Other payables	178,487	-	178,487	178,487	-
Amount owing to Directors	185,000	-	185,000	185,000	-
	<u>363,487</u>		<u>363,487</u>	<u>363,487</u>	<u>-</u>
<b>2019</b>					
<b>Group</b>					
Trade payables	2,999,130	-	2,999,130	2,999,130	-
Other payables	2,754,734	-	2,754,734	2,754,734	-
Amount owing to Directors	120,000	-	120,000	120,000	-
Borrowings	8,712,149	1.00% - 12.00%	8,712,149	8,712,149	-
Lease liabilities	1,156,179	2.4%	1,325,341	588,600	736,741
	<u>15,742,192</u>		<u>15,911,354</u>	<u>15,174,613</u>	<u>736,741</u>
<b>Company</b>					
Other payables	59,197	-	59,197	59,197	-
Amount owing to Directors	120,000	-	120,000	120,000	-
	<u>179,197</u>		<u>179,197</u>	<u>179,197</u>	<u>-</u>

# Notes To The Financial Statements

(Cont'd)

## 27. FINANCIAL INSTRUMENTS (cont'd)

### Financial risk management (cont'd)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

#### (a) Foreign exchange risk

The Group is exposed to foreign exchange risk on the Group's net investments in foreign subsidiary, sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group's exposures primarily arise from the United States Dollar ("USD") and Thai Baht ("THB"). For other foreign currency exposure, the Group maintains a natural hedge that minimises the foreign exchange exposure by matching assets and liabilities denominated in a similar foreign currency.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency	USD RM	THB RM
<b>Group</b>		
<b>2020</b>		
Trade receivables	3,906,153	-
Cash and bank balances	5,171,896	24,227
Trade payables	(572,137)	(649,130)
Other payables	(857,053)	-
Borrowings	(11,452,647)	-
	<hr/>	<hr/>
	(3,803,788)	(624,903)
<b>2019</b>		
Trade receivables	3,165,315	-
Cash and bank balances	4,905,878	-
Trade payables	(570,621)	(564,061)
Other payables	(337,244)	-
Borrowings	(7,852,222)	-
	<hr/>	<hr/>
	(688,894)	(564,061)

**27. FINANCIAL INSTRUMENTS (cont'd)****Financial risk management (cont'd)**Market risk (cont'd)**(a) Foreign exchange risk (cont'd)****Sensitivity analysis for foreign currency risk**

The following table shows the sensitivity of the Group's equity and profit net of tax to a reasonable possible change in the US Dollar and Thai Baht exchange rates against the functional currency of the Company, with all other variables remain constant.

		<b>Group</b>	
		<b>Profit net of tax</b>	
		<b>2020</b>	<b>2019</b>
		<b>RM</b>	<b>RM</b>
USD/RM	- strengthened 1%	(28,909)	(5,236)
	- weakened 1%	28,909	5,236
THB/RM	- strengthened 1%	(4,749)	(4,287)
	- weakened 1%	4,749	4,287

**(b) Interest rate risk**

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises primarily from the Group's borrowing.

The Group manages such exposure by maintaining a prudent mix of fixed and floating rate borrowing facilities.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

		<b>Group</b>	
		<b>2020</b>	<b>2019</b>
		<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>			
Financial liabilities		(6,914,990)	(8,036,000)
<b>Floating rate instruments</b>			
Financial liabilities		(4,658,888)	(101,175)

Interest rate risk sensitivity analysis

Since the Group's and the Company's fixed rate financial liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

As at the end of the financial year, if interest rates of floating rate instruments of the Group and of the Company had been lower by 1% with all other variables held constant, this will result in post-tax decreases of RM35,408 (2019: RM769) in profit or loss.



# Notes To The Financial Statements

(Cont'd)

## 27. FINANCIAL INSTRUMENTS (cont'd)

### Financial risk management (cont'd)

#### Fair value information

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

The carrying amount of long-term floating rate bank borrowings carried on the statements of financial position reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

	Group		Company	
	2020 Level 2 RM	2019 Level 2 RM	2020 Level 2 RM	2019 Level 2 RM
<b>Financial asset</b>				
Financial assets at FVTPL:				
- Other investments	11,864,294	2,642,698	11,382,664	2,176,096

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statements of financial position:

Group	2020		2019	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial liability</b>				
Lease liabilities	1,911,609	1,886,814	1,156,179	1,140,204

The fair value of long term lease liabilities carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar type of borrowings.

The Group and the Company do not anticipate the carrying amounts of other financial instruments recorded at the reporting date to be significant different from the values that would eventually settled.

## 28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the Group may adjust the dividend payment to shareholders.

There were no changes in the Group's approach to capital management during the financial year.

	Group	
	2020 RM	2019 RM
<b>Interest bearing liabilities</b>		
Borrowings	11,452,647	8,712,149
Lease liabilities	121,231	183,777
	11,573,878	8,895,926
Less: Cash and cash equivalents	(12,777,949)	(11,648,634)
Net liquidity	(1,204,071)	(2,752,708)
Equity attributable to owners of the Company	108,531,461	89,537,960
Gearing ratio	N/A	N/A

## 29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

With the development from COVID-19 outbreak, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently implemented the Conditional Movement Control Order ("CMCO") from 4 May 2020, and the Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020 to curb the spread of COVID-19 outbreak in Malaysia.

The imposition of the MCO has resulted in operational disruptions to the insulation segment for two months. During this period, the local and overseas revenue of the insulation segment has been reduced significantly as a result of worldwide economic downturn in the motor vehicle industry.

The hygiene segment did not cease production during the implementation of MCO but have impacted by disruptions of labour supply and resulted higher production cost incurred in efforts meet its production demands.

The continuous spread of the COVID-19 may continue to affect the Group's and the Company's operation and those of third parties of which they rely. The ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group and the Company will continuously monitor the impact of COVID-19 on their operation and financial performances.

## 30. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated 15 April 2021.

# Statement By Directors

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

We, TAN SIEW CHIN and TAN WEY CHIEN, being two of the Directors of OCEANCASH PACIFIC BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 32 to 79 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 of 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.

.....  
**TAN SIEW CHIN**

.....  
**TAN WEY CHIEN**

KUALA LUMPUR

15 APRIL 2021

## Statutory Declaration

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

I, MAH YIT MUI (MIA Membership No.: 8792), being the officer primarily responsible for the financial management of OCEANCASH PACIFIC BERHAD, do solemnly and sincerely declare that the financial statements and information set out on pages 32 to 79 are to the best of my knowledge and belief, 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.

.....  
**MAH YIT MUI**

Subscribed and solemnly declared by the abovenamed MAH YIT MUI at KUALA LUMPUR on 15 APRIL 2021

Before me,

.....  
Commissioner for Oaths

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of OCEANCASH PACIFIC BERHAD, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 79.

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 their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter

##### **Valuation of leasehold land and buildings (Refer to Note 2.4(ii), Note 2.5(b)(i) and Note 3 to the financial statements)**

The Group adopts the revaluation model for its leasehold land and building.

During the financial year, the Group had engaged an external valuer to determine the fair value of the leasehold land and building. Accordingly, the Group had recognised a revaluation surplus of RM9,020,695.

The valuation of leasehold land and building is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates which are based on current and future market or economic conditions.

#### How our audit addressed the key audit matter

Our audit procedures focused on the following:

- assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they possess sufficient expertise, capability and objectivity to competently perform the revaluation of the Group's leasehold land and building;
- obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar assets and estimates used by the independent professional valuer; and
- evaluated whether disclosures in the financial statements relating to the revaluation of leasehold land and building were in accordance with Malaysian Financial Reporting Standards.

# Independent Auditors' Report

To The Members Of Oceancash Pacific Berhad (Incorporated In Malaysia)  
(Cont'd)

## Key Audit Matters (Cont'd)

### Key audit matter

#### Deferred tax assets (Refer to Note 2.4(iii), Note 2.5(k) and Note 5 to the financial statements)

As at 31 December 2020, the Group has recognised deferred tax assets amounting to RM2,228,949.

The recognition of deferred tax assets is based on the projected future profits of the subsidiary company to the extent that there is probable taxable profit available against which the temporary difference can be utilised.

We focused on this area because significant judgement is required to determine the amount of deferred tax asset that can be recognised and there are inherent uncertainties involved in projecting the amount.

### How our audit addressed the key audit matter

We evaluated the management's five-year profit forecast and their assessment of the availability of future taxable profits generated by the subsidiary company in which the deferred tax assets arose.

We challenged assumptions used in profit projection which, amongst others, include:

- forecast revenue;
- forecast cost of sales and operating cost; and
- discount rates.

Sensitivity analysis was performed on key assumptions used by management.

## 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.

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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 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.

# Independent Auditors' Report

To The Members Of Oceancash Pacific Berhad (Incorporated In Malaysia)  
(Cont'd)

## 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 4 to the financial statements.

## Other Matters

1. The financial statements of the Company for the financial year ended 31 December 2019 were audited by another firm of chartered accountants whose report dated 11 June 2020 expressed an unqualified opinion on those 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 any responsibility to any other person for the content of this report.

HLB AAC PLT  
(LLP0022843-LCA & AF001977)  
Chartered Accountants

KUALA LUMPUR  
15 APRIL 2021

TANG YAN YU  
Approved Number: 03452/10/2021 J  
Chartered Accountant



# Analysis Of Shareholdings

As at 31 March 2021

## SHARE CAPITAL

Total Number of Issued Shares	:	260,800,000
Types of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll
No. of Shareholders	:	5,661

## ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of Holders	%	Holdings	%
Less than 100	129	2.2787	5,693	0.0022
100 – 1,000	552	9.7509	362,198	0.1389
1,001 - 10,000	3,023	53.4005	15,588,830	5.9773
10,001 - 100,000	1,778	31.4079	54,981,000	21.0817
100,001 – less than 5% of issued shares	177	3.1267	52,633,181	20.1814
5% and above of issued shares	2	0.0353	137,229,098	52.6185
<b>Total</b>	<b>5,661</b>	<b>100.0000</b>	<b>260,800,000</b>	<b>100.0000</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares held			
	Direct	%	Indirect	%
Tan Siew Chin	99,949,724	38.3243	37,279,374 <sup>(1)</sup>	14.2942
Chen Lee Chew	37,279,374	14.2942	99,949,724 <sup>(2)</sup>	38.3243

### Notes:

<sup>(1)</sup> Deemed interested pursuant to Section 197 of the Companies Act 2016 by virtue of the shareholdings of his wife, Chen Lee Chew.

<sup>(2)</sup> Deemed interested pursuant to Section 197 of the Companies Act 2016 by virtue of the shareholdings of her husband, Tan Siew Chin.

## LIST OF DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' HOLDINGS

Name	No. of Shares held			
	Direct	%	Indirect	%
Tan Siew Chin	99,949,724	38.3243	37,279,374 <sup>(1)</sup>	14.2942
Tan Wey Chien	-	-	-	-
Ngiam Kee Tong	-	-	-	-
Crystal Yong Mei Yee	-	-	-	-
Tan Wey Chung	-	-	-	-
Fong Wai Leong	-	-	-	-

### Note:

<sup>(1)</sup> Deemed interested pursuant to Section 197 of the Companies Act 2016 by virtue of the shareholdings of his wife, Chen Lee Chew.

# Analysis Of Shareholdings

As at 31 March 2021

(Cont'd)

## LIST OF 30 LARGEST HOLDERS OF SHARES

No.	Name	No. of shares	Percentage
1.	Tan Siew Chin	99,949,724	38.3243
2.	Chen Lee Chew	37,279,374	14.2942
3.	Cartaban Nominees (Tempatan) Sdn Bhd - Icapital.Biz Berhad	3,145,200	1.2060
4.	Wong Yoon Tet	1,650,000	0.6327
5.	Lor Moong Thing	1,512,635	0.5800
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Liberty Alliance (M) Sdn Bhd (8092710)	1,334,200	0.5116
7.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Ah Tu (T Curve-CL)	1,150,700	0.4412
8.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lai Chie King	1,100,000	0.4218
9.	Wong Yoon Chyuan	990,000	0.3796
10.	Tan Lai Huan	804,700	0.3086
11.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Sin Bong	804,000	0.3083
12.	Tan Siew Kah	700,000	0.2684
13.	Yap Siew Bee	700,000	0.2684
14.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Ahmad Shaharuddin Bin Ahmad Baharuddin (PB)	690,000	0.2646
15.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Sze Ho (KON0187C)	670,000	0.2569
16.	Tan Siew Tyan	637,662	0.2445
17.	Lor Moong Sih	630,180	0.2416
18.	Quah Thian Seng	600,000	0.2301
19.	Teh Chee Ch'ng	600,000	0.2301
20.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Au Kwan Seng (E-KLC)	529,300	0.2030
21.	Sing Kiap Enterprise Sendirian Berhad	523,600	0.2008
22.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Au Kwan Seng	515,700	0.1977
23.	Yong Yuen Ling	504,900	0.1936
24.	Lor Eng Huat	485,260	0.1861

# Analysis Of Shareholdings

As at 31 March 2021

(Cont'd)

No.	Name	No. of shares	Percentage
25.	Lam Wai Meng	460,000	0.1764
26.	Tee Jen Tong	460,000	0.1764
27.	Lee Seong Kar	455,000	0.1745
28.	Commerze Capital Sdn Bhd	450,000	0.1725
29.	Cheh Chen Weei	440,000	0.1687
30.	Hee Lin Ruey Jean	425,000	0.1630
TOTAL		160,197,135	61.4253

## List Of Properties

Registered Owner	Beneficial Owner	Title No./ Location	Description and existing use	Tenure/Date of Expiry of Leasehold Land	Approximate Age of Building (Years)	Land Area (Sq.ft)	NBV As at 31 December 2020 RM	Date Of Last Revaluation
Oceancash Holdings Sdn Bhd <sup>Ⓞ</sup>	Oceancash Nonwoven Sdn Bhd (ONW)	H.S. (D) 52918 P.T. No. 41067 Town of Bandar Baru Bangi, District of Ulu Langat, State of Selangor/  Lot 73 Jalan P10/21, Taman Industri Selaman, Seksyen 10 43650 Bandar Baru Bangi, Selangor	Two-storey office block and two single-storey factory building  Single-storey factory separated into two (2) sections by a metal road	Leasehold 99 years/ 19 August 2098	17	214,720	30,119,766	30 June 2020
	PT Oceancash Felts	Greenland International Industrial Center (GIIC) Kota Deltamas Blok CD No. 16, Desa Pasirranji Kec. Cikarang Pusat Kabupaten Bekasi Provinsi Jawa Barat Indonesia	Factory and warehouse buildings	Valid up to Jan 2029 and is extendable for 20 years in accordance with the laws of The Republic of Indonesia 'Peraturan Pemerintah Republik Indonesia Nomor 40 Tahun 1996 Tentang Hak Guna Usaha, Hak Guna Bangunan Dan Hak Pakai Atas Tanah, under Article 25 paragraph (1) expiry of right to build: 11.01.2029 and 16.01.2029 (up to January 2029)	6	97,434	8,574,077	-
	Oceancash (Thailand) Co., Ltd	Title Deed No. 196908 Land plot No. G.20 890/51 Moo 3, WHA Eastern Seaboard Industrial Estate 2, Tumbol Khaokhunsong, Amphur Sriracha, Chonburi 20110	Factory and warehouse buildings	Freehold	1	154,342	9,112,074	-

<sup>Ⓞ</sup> Note: The title of the leasehold land is in the process of being transferred to the name of the subsidiary.

## List Of Subsidiary Companies

Name of Company	2019	2020	Principal Activities
Oceancash Nonwoven Sdn Bhd 199901026822 (501722-K)	100%	100%	Manufacturing and trading of nonwoven products
Oceancash Felts Sdn Bhd 199601011078 (383427-W)	100%	100%	Manufacturing and distribution of resinated felts
PT Oceancash Felts	100%	100%	Manufacturing and distribution of felts and manufacturing of parts and accessories for vehicles with four or more wheels
Oceancash (Thailand) Co., Ltd	100%	100%	Manufacturing and trading of resinated felts and thermoplastic felts for automotive industry and air-conditioning industry

# Statement Accompanying Notice Of Eighteenth Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors seeking re-election at the Eighteenth Annual General Meeting of the Company are as follows :

1. Clause 97 of the Company's Constitution :
  - (i) Mr Ngiam Kee Tong
  - (ii) Ms Crystal Yong Mei Yee
  
2. Clause 104 of the Company's Constitution :
  - (i) Mr Fong Wai Leong

The profiles of the Directors who are seeking for re-election at the Eighteenth Annual General Meeting of the Company are set out in "Directors' Profiles" section on pages 8 and 9 of the Company's Annual Report 2020.

The details of any interest in securities held by the said Directors are set out in "Directors' Report" section on pages 28 to 31 of the Company's Annual Report 2020.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Eighteenth Annual General Meeting of the Company for the details.

# Notice Of Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting (“**AGM**”) of Oceancash Pacific Berhad (“**Oceancash**” or “**Company**”) will be held at Raya Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Monday, 31 May 2021 at 12.00 noon.

## AGENDA

### ORDINARY BUSINESS:

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.              | <i>Explanatory Note 1</i>                                 |
| 2. | To approve the payment of Directors’ fees of RM185,000.00 for the financial year ended 31 December 2020.  | <b>Ordinary Resolution 1</b><br><i>Explanatory Note 2</i> |
| 3. | To approve the payment of meeting allowances to be paid to Directors from 1 June 2021 until the conclusion of the next Annual General Meeting.                          | <b>Ordinary Resolution 2</b><br><i>Explanatory Note 2</i> |
| 4. | To re-elect Mr Ngiam Kee Tong who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers himself for re-election.           | <b>Ordinary Resolution 3</b>                              |
| 5. | To re-elect Ms Crystal Yong Mei Yee who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers herself for re-election.     | <b>Ordinary Resolution 4</b>                              |
| 6. | To re-elect Mr Fong Wai Leong who retires by casual vacancy pursuant to Clause 104 of the Company’s Constitution and being eligible, offers himself for re-election.    | <b>Ordinary Resolution 5</b>                              |
| 7. | To re-appoint HLB AAC PLT (formerly known as Morison AAC PLT) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 6</b>                              |

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following resolutions:

- |    |  |  |
|----|--|--|
| 8. | <b>SPECIAL RESOLUTION PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY (“PROPOSED AMENDMENT”)</b> | <b>Special Resolution 1</b><br><i>Explanatory Note 3</i> |
|----|--|--|

“THAT the Proposed Amendment to Clause 15 of the Constitution of the Company as set out below be approved and adopted:

# Notice Of Eighteenth Annual General Meeting

(Cont'd)

Clause No.	Existing Clause	Amended Clause
15.	<p><b><u>Issue of Securities</u></b></p> <p>Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds 10% of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.</p>	<p><b>Issue of Securities</b></p> <p><b>Unless otherwise provided in the Listing Requirements (including any directives or modifications or relief issued by the Exchange from time to time in relation to the general mandate for issue of securities), the Act, the Central Depositories Act and/or the Rules and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities without the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.</b></p>

**AND THAT** the Directors of the Company be authorised with full power to make any modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to do all acts and things and to take all such steps as they may deem necessary or expedient to give full effect to the Proposed Amendment."

9. **ORDINARY RESOLUTION  
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016**

**Ordinary  
Resolution 7**  
*Explanatory  
Note 4*

"**THAT** subject always to the passing of Special Resolution 1, the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Section 75 and Section 76 of the Companies Act 2016 to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being.

**THAT** the Directors be and are hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad.

**AND THAT** such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**ANY OTHER BUSINESS:**

10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.



# Notice Of Eighteenth Annual General Meeting

(Cont'd)

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)  
PRACTICING CERTIFICATE NO. 201908000410  
YIP SIEW CHENG (MAICSA 7006780)  
PRACTICING CERTIFICATE NO. 202008001527  
Company Secretaries

Kuala Lumpur  
Dated : 30 April 2021

## NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Share Registrar Office at Lot 9-7, Menara Sentral Vista, No 150, Jalan Sultan Abdul Samad Brickfields, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors on 24 May 2021 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

## EXPLANATORY NOTES:

### 1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

This item of the Agenda is meant for discussion only. The provision of Section 340(1) of the Companies Act 2016 requires that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this item of the Agenda is not a business which requires a resolution to be put to vote by shareholders.

### 2. DIRECTORS' REMUNERATION

Section 230(1) of the Companies Act 2016 provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board wishes to seek shareholders' approval for the following payments to the Directors of the Company at the 18th AGM in 2 separate resolutions as follows:

**Ordinary Resolution 1** seeks approval for payment of Directors' fees of RM185,000.00 for the financial year ended 31 December 2020.

**Ordinary Resolution 2** seeks approval for payment of meeting allowances of RM300.00 per meeting per person payable to Directors from 1 June 2021 until the conclusion of the next AGM of the Company.

# Notice Of Eighteenth Annual General Meeting

(Cont'd)

## EXPLANATORY NOTES: (cont'd)

### 3. PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY (“PROPOSED AMENDMENT”)

The proposed **Special Resolution 1**, if passed, will align the Constitution of the Company with the measures allowed or empowered by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) from time to time.

The proposed Special Resolution 1 is in line with Bursa Securities’ letter dated 16 April 2020 where Bursa Securities has initiated to grant several additional temporary relief measures to listed corporations, amongst others, to allow a listed corporation to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities at the prevailing statutory and regulatory requirements.

This Special Resolution 1 shall be passed by a majority of not less than 75% of such members who are entitled to vote either in person or by proxy.

### 4. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016

The proposed **Ordinary Resolution 7** is a renewal of the previous year’s general mandate and if passed, will provide flexibility for the Company and empower the Directors to issue new shares up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company for any possible fund raising activities, including but not limited to placement of shares for purpose of funding investments, projects, working capital and/or acquisition as deemed necessary. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain shareholders’ approval for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM.

Having considered the current economic environment arising from the global Covid-19 pandemic and the current and future financial needs of the Group, the Board would like to procure approval for the 20% general mandate pursuant to Section 75(1) of the Companies Act 2016 from its shareholders at the 18<sup>th</sup> AGM of the Company. In the face of the unprecedented challenges, further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings would allow the Company to preserve its cash flow and achieve a more optimal capital structure. Bursa Securities has also allowed that the 20% general mandate may be utilised by the Company to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board is of the opinion that the 20% general mandate is in the best interest of the Company and its shareholders.

The general mandate granted by the shareholders at the last AGM held on 23 September 2020 has been utilised via a private placement exercise where 15,500,000 new ordinary shares have been issued. The proceeds of RM10,953,750 raised from the private placement exercise had been utilised in the following manner as at 29 April 2021:

	RM
Proceed from Private Placement	10,953,750
Utilisation	195,000
Balance of unutilised proceeds as at 29 April 2021	<b>10,758,750</b>

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**FORM OF PROXY**  
**OCEANCASH PACIFIC BERHAD**  
 (Company No: 200201022973 (590636-M))  
 (Incorporated in Malaysia)

\*I/We ..... \*NRIC/Company No .....  
 (Block Letters)

of .....

being a \*member/members of the abovenamed Company, hereby appoint .....

\*NRIC/Company No ..... of .....

Telephone Number ..... Email Address .....

or failing \*him/her ..... \*NRIC/Company No .....

of .....

Telephone Number ..... Email Address .....

or failing \*him/her, the CHAIRMAN of the meeting, as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Eighteenth Annual General Meeting (“**AGM**”) of Oceancash Pacific Berhad to be held at Raya Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Monday, 31 May 2021 at 12.00 noon and/or any adjournment thereof in the manner indicated below :

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors’ fees of RM185,000.00 for the financial year ended 31 December 2020.		
2.	To approve the payment of meeting allowances to be paid to Directors from 1 June 2021 until the conclusion of the next Annual General Meeting.		
3.	To re-elect Mr Ngiam Kee Tong who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers himself for re-election.		
4.	To re-elect Ms Crystal Yong Mei Yee who retires by rotation pursuant to Clause 97 of the Company’s Constitution and being eligible, offers herself for re-election.		
5.	To re-elect Mr Fong Wai Leong who retires by casual vacancy pursuant to Clause 104 of the Company’s Constitution and being eligible, offers himself for re-election.		
6.	To re-appoint HLB AAC PLT (formerly known as Morison AAC PLT) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016.		
NO	SPECIAL RESOLUTION		
1.	Proposed Amendment to the Constitution of the Company.		

Please indicate with an “X” in the appropriate box against the resolution on how you wish your proxy to vote. If no specific instruction as to voting is given, the proxy will vote at \*his/her discretion.

Number of Shares	
CDS Account No	
Date	

.....  
 Signature of Member / Common Seal

**Notes :**

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless \*he/she specifies the proportions of \*his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or \*his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Share Registrar Office at Lot 9-7, Menara Sentral Vista, No 150, Jalan Sultan Abdul Samad Brickfields, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors on 24 May 2021 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

\* Delete where inapplicable

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Company’s AGM and/or any adjournment thereof, a member of the Company:

1. consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”).
2. warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
3. agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



Fold this line for sending

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Affix  
Stamp

The Share Registrar

**OCEANCASH PACIFIC BERHAD**

(Company No: 200201022973 (590636-M))

Lot 9-7, Menara Sentral Vista  
No 150, Jalan Sultan Abdul Samad Brickfields  
50470 Kuala Lumpur

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**OCEANCASH PACIFIC BERHAD** 200201022973 (590636-M)

Lot 73, Jalan P10/21, Taman Industri Selaman, 43650 Bandar Baru Bangi, Selangor, Malaysia.

**T:** 603-8925 0000    **F:** 603-8925 5800    **W:** [www.oceancash.com](http://www.oceancash.com)