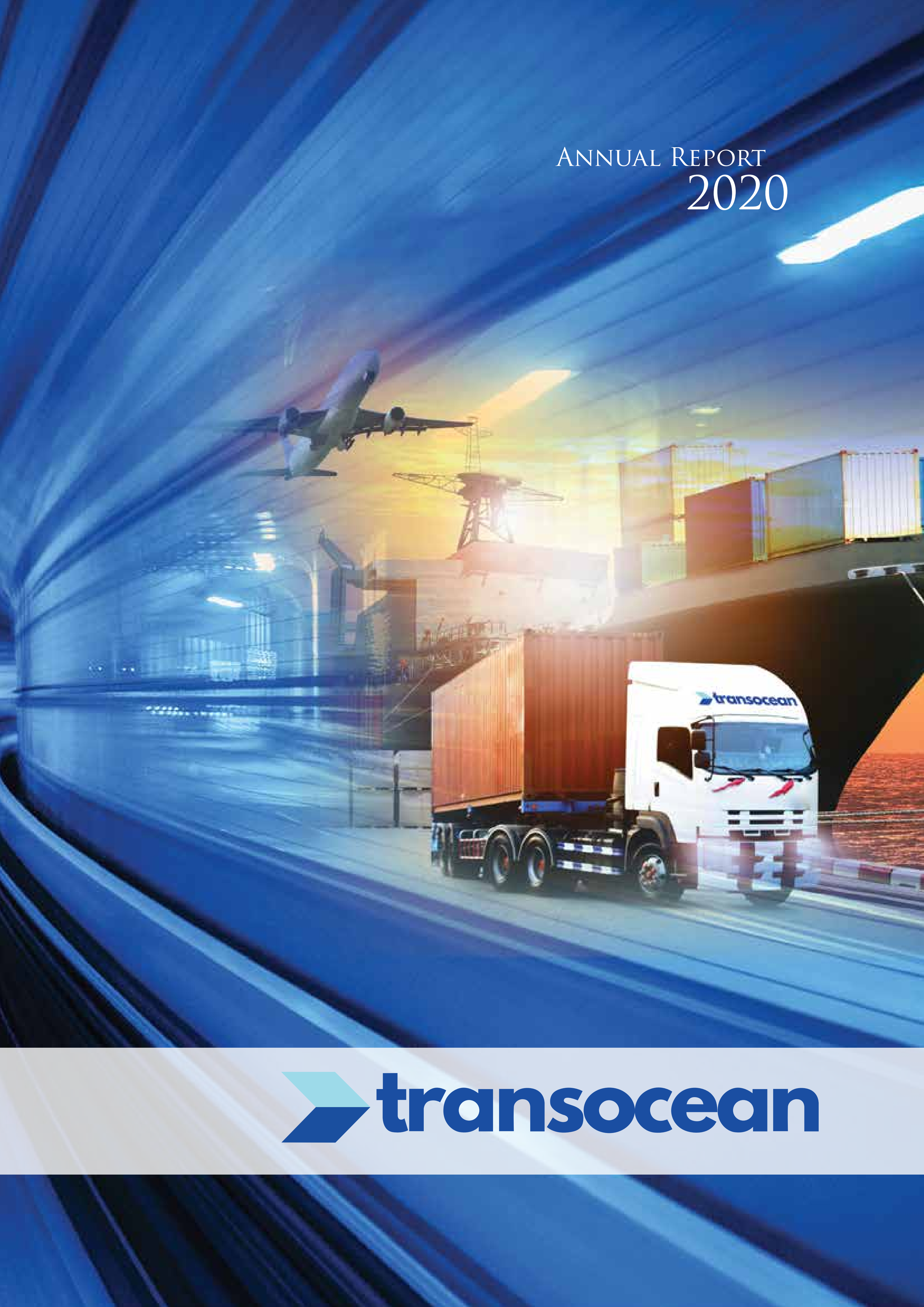
Annual Report 2020



transocean

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Notice of 43rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third (43rd) Annual General Meeting ("AGM") of Transocean Holdings Bhd. ("the Company") will be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 30 June 2021 at 10.00 a.m. for the following purposes:-

AGENDA

AS 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. *(Please refer to Note 1)*

2. To approve the payment of Directors' fee amounting to Ringgit Malaysia One Hundred and Two Thousand (RM102,000.00) only for the financial year ended 31 December 2020. **Resolution 1**

3. To approve the payment of benefits payable to the Directors of the Company up to an amount of Ringgit Malaysia Twenty Thousand (RM20,000.00) only for the period from the conclusion of this AGM until next AGM of the Company pursuant to Section 230(1) (b) of the Companies Act 2016. **Resolution 2**

4. To note the retirement of Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh as Director of the Company pursuant to Regulation 96 of the Company's Constitution. *(Please refer to Note 3)*

5. To re-elect Encik Ibrahim Aiman Bin Mohd Nadzmi who retires in accordance with Regulation 103 of the Company's Constitution and being eligible, offers himself for re-election. **Resolution 3**

6. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company, to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. **Resolution 4**

AS SPECIAL BUSINESS:-

7. To consider and if thought fit, to pass the following as resolutions, with or without any modifications:-

   (i) **Ordinary Resolution**
   Authority to issue and allot shares

   "THAT subject always to the Companies Act, 2016 ("Act"), the Constitution of the Company and approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to Section 75 and Section 76 of the Act, at any time to such persons 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 ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

7. To consider and if thought fit, to pass the following as resolutions, with or without any modifications (cont'd):-

(i) **Ordinary Resolution**
Authority to issue and allot shares (cont'd)

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting." **Resolution 5**

(ii) **Ordinary Resolution**
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature involving Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn. Bhd., YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh and persons connected to them ("Proposed Renewal of Shareholders' Mandate")

"THAT approval be and is hereby given to the Company's subsidiaries to enter into and give effect to recurrent related party transactions with certain subsidiaries of Nadi Corporation Sdn. Bhd. as prescribed in Section 2.4 of the Circular to Shareholders dated 31 May 2021 ("Circular") involving the interests, direct or indirect of Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn. Bhd., YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh and persons connected to them, namely Konsortium Transnasional Berhad, Nadicorp Holdings Sdn. Bhd., Nadi Corporation Sdn. Bhd., Trisilco Equity Sdn. Bhd., Ibroni Sdn. Bhd., Park May Berhad, Tulus Hebat Sdn. Bhd., Maracorp Sdn. Bhd. ("Related Parties") as specified in Section 2.4 of the Circular (hereinafter referred as "RRPT"), and falling within the ambit of Part E, Paragraph 10.09 of Chapter 10 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

(a) the conclusion of the Company's next AGM, at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the Company's shareholders in a general meeting,

whichever is earlier.

Notice of 43rd Annual General Meeting

7. To consider and if thought fit, to pass the following as resolutions, with or without any modifications (cont'd):-

(ii) **Ordinary Resolution**
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature involving Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn. Bhd., YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh and persons connected to them ("Proposed Renewal of Shareholders' Mandate") (cont'd)

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." **Resolution 6**

(iii) **Ordinary Resolution**
Mandate for Encik Woo Kok Boon who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company

"THAT approval be and is hereby given to Encik Woo Kok Boon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company in compliance with the Malaysian Code on Corporate Governance 2017." **Resolution 7**

(iv) **Ordinary Resolution**
Mandate for Encik Muhammad Adib Bin Ariffin who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company

"THAT approval be and is hereby given to En. Muhammad Adib Bin Ariffin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company in compliance with the Malaysian Code on Corporate Governance 2017." **Resolution 8**

By Order of the Board,

THUM SOOK FUN (SSM PC No. 201908000139, MIA 24701)
CHEW PECK KHENG (SSM PC No. 202008001118, LS 0009559)
Company Secretaries

Date: 31 May 2021
Kuala Lumpur

Notes:-

1. The first agenda of this meeting is meant for discussion only, as the provision of Section 340 (1) (a) of the Companies Act, 2016 ("Act") does not require a formal approval for the audited financial statements from the shareholders. Hence, this Agenda is not put forward to shareholders for voting.

2. **Resolution 1 and 2 – Proposed payment of Directors' remuneration**

   Section 230(1) of the Act provides amongst others, that the fee of the Directors and any benefits payable to the Directors of a listed company shall be approved at the general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Directors, in two separate resolutions as follows:

   Resolution 1 – Payment of Directors' fees in respect of the financial year 2020; and

   Resolution 2 – Payment of Directors' Benefit for the period from the conclusion of this AGM until the next AGM.

   The fees payable to the Directors in respect of financial year 2020, details of which are as follows:-

No.	Directors	Fees (RM)
1.	Encik Muhammad Adib Bin Ariffin	36,000.00
2.	Encik Woo Kok Boon	36,000.00
3.	Encik Faiz Bin Ishak (Appointed on 25 February 2020)	30,000.00

   The benefits payable to Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of Directors of the Company, which recognizes that the benefits payable is in the best interest of the Company for the applicable period from the conclusion of this AGM until the next AGM. The benefits comprised solely of meeting allowances, which will only be accorded based on actual attendance of meetings by the Directors.

   The benefits payable to Directors for the period from the conclusion of this AGM until the next AGM, details of which are as follows:-

	Meeting Allowance (per meeting) RM
Executive Director	500.00
Non-Executive Director	500.00

3. **Resolution 3 – Re-election of Directors who retire in accordance with the Company's Constitution**

   Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh who retires in accordance with Regulation 96 of the Company's Constitution, had expressed his intention not to seek re-election as Director of the Company. Hence, he will retain office until the conclusion of the 43rd AGM.

   Regulation 103 of the Company's Constitution states that any Director who is appointed either to fill a casual vacancy or as addition to the existing Directors, shall hold office until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Notice of 43rd Annual General Meeting

3. **Resolution 3 – Re-election of Directors who retire in accordance with the Company's Constitution (cont'd)**

   Encik Ibrahim Aiman Bin Mohd Nadzmi who was appointed as Executive Director of the Company on 1 March 2021 is subject to retirement pursuant to Regulation 103 of the Company's Constitution. The retiring Director has consented to his re-election.

   The Board (save for the retiring Director who had abstained from deliberation and voting) accepted the Nomination Committee ("NC")'s recommendation for the re-election of Encik Ibrahim Aiman Bin Mohd Nadzmi.

4. **Resolution 4 – Re-appointment of Auditors**

   Pursuant to Section 271(3)(b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2022. The current auditors, Messrs. Grant Thornton Malaysia PLT has expressed their willingness to continue in office.

   The Board and Audit and Risk Management Committee ("ARMC") of the Company have considered the re-appointment of Messrs. Grant Thornton Malaysia PLT as auditors of the Company and collectively agreed that Messrs. Grant Thornton Malaysia PLT has met the relevant criteria prescribed by Paragraph 15.21 of Main Market Listing Requirements of Bursa Securities ("Listing Requirements").

   The Board wishes to seek shareholders' approval for the re-appointment of Messrs. Grant Thornton Malaysia PLT as external auditors of the Company to hold the office until the conclusion of the next AGM.

5. **Explanatory Notes to Special Business:-**

   i) **Resolution 5 – Authority to issue and allot shares**

      The Ordinary Resolution proposed under item 7(i) is primarily to seek for the renewal of a general mandate to give flexibility to the Board of Directors to issue and allot shares up to 10% of the issued share capital (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion without convening a general meeting (hereinafter referred to as the "General Mandate").

      The Company has been granted a general mandate by its shareholders at the last AGM held on 5 August 2020 (hereinafter referred to as the "Previous Mandate") and it will lapse at the conclusion of the 43rd AGM.

      As at the date of this Notice, the Company had issued and allotted 4,099,800 new ordinary shares, representing 10% of total issued shares of the Company on 26 April 2021 under the Previous Mandate.

      The purpose to seek the renewal of General Mandate is to enable the Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organize a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

      The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

5. **Explanatory Notes to Special Business (cont'd):-**

ii) **Resolution 6 – Proposed Renewal of Shareholders' Mandate**

The Ordinary Resolution proposed under item 7(ii) is to procure shareholders' mandate for all the RRPTs involving the interest, direct or indirect of Kumpulan Kenderaan Malaysia Berhad, Lengkap Suci Sdn. Bhd., YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh and persons connected to them as disclosed in the Circular to Shareholders dated 31 May 2021.

Further information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 31 May 2021, which is dispatched together with the Company's Annual Report 2020.

iii) **Resolution 7 and 8 – To retain Independent Non-Executive Directors continue to act as Independent Non-Executive Directors of the Company**

Pursuant to Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Company is required to seek shareholders' approval if intends to retain an Independent Director who has served the Company for a cumulative term of more than nine (9) years.

Both the NC and the Board have assessed the independence of Mr. Woo Kok Boon and En. Muhammad Adib Bin Ariffin, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and twelve (12) years respectively, and recommended them to continue to serve as Independent Non-Executive Directors of the Company based on the following justifications:-

a) They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and thus, they would be able to function as check and balance, provide a broader view and bring an element of objectivity to the Board;

b) Their existing tenure in office do not impair their independence;

c) They remain objective and independent in expressing their view and in participating in deliberation and decision making of the Board and Board Committee(s); and

d) They continue to demonstrate conduct and behaviour that are essential indicators of independence.

In line with Practice 4.2 of the MCCG 2017, the Company will seek shareholders' approval through two-tier voting process for Resolution 8.

6. **Appointment of Proxy**

a) In respect of deposited securities, only members whose name appears on the Record of Depositors as at 23 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.

b) A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.

Notice of 43rd Annual General Meeting

6. **Appointment of Proxy (cont'd)**

c) A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

d) A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

e) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

f) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 31, Jalan Bukit Angkat, Kawasan Perusahaan Bukit Angkat, 43000 Kajang, Selangor not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

g) The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

h) The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

7. **Poll Voting**

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this notice will be put to vote by way of a poll.

8. **Coronavirus Disease (COVID-19) Pandemic**

8.1 In view of the COVID-19 pandemic, we are closely monitoring the situation and would like to introduce the following precautionary measures for the well-being and safety of the shareholders whilst attending the 43rd AGM and to be in line with the Government and/or relevant authorities' directives and guidelines on public gatherings or events which may be issued from time to time:-

a. Before entering into the AGM venue, all shareholders/proxy-holders and the attendees are required to:-

i. Wear a face mask;
ii. Use the hand sanitizer as provided;
iii. Undergo a compulsory body temperature screening upon arrival at the AGM venue; and
iv. Sign a health declaration form and provide the travel history and contact details (to facilitate contact tracing, if required).

8. **Coronavirus Disease (COVID-19) Pandemic (cont'd)**

b. For safety purposes, the Company reserves the right to carry out the acts as we deemed necessary for the safety of our members, Directors, staff and other stakeholders, including:-

   i. To limit the number of physical attendees to be accommodated at the venue;
   ii. To refuse the entry of a shareholder/proxy-holder with COVID-19 symptoms (which include fever, cough, breathlessness) and/or body temperature above 37.5° C and/or displaying symptoms of being unwell; and
   iii. Require all shareholders/proxy-holders and the attendees to wear a face mask throughout the AGM.

c. Shareholders or proxy-holders who are feeling unwell or have travelled overseas to affected countries in the past 14 days or have been placed on quarantine orders or Stay-at-home notices or have been in physical contact with a person infected with COVID-19 or Person Under Investigation ("PUI") are advised to refrain from attending the 43rd AGM.

d. Social distancing throughout the 43rd AGM must be strictly adhered to. On the seating arrangement and number of individuals allowed to be present at the AGM venue, we will be guided by the guidelines issued by the Government from time to time.

   We seek the understanding and cooperation of shareholder/proxy-holder to minimise the risk of spread of COVID-19 for the interest of public health.

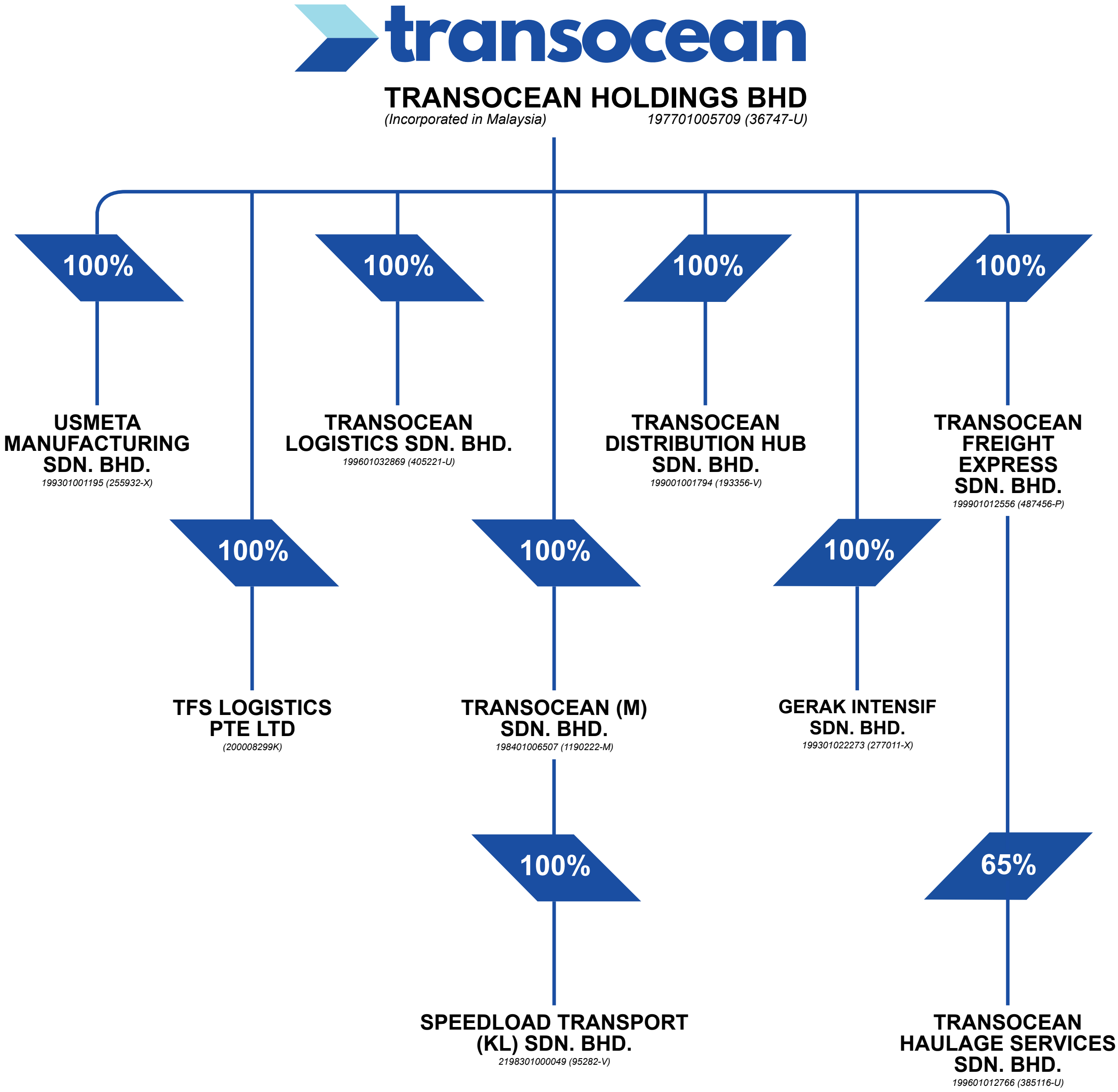
IMPORTANT NOTES:-

This Notice of 43rd AGM takes into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affect the holding or conduct of general meetings. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the AGM. Any material developments will be announced on the Bursa Malaysia and Members are advised to check the Company's announcements made via Bursa Malaysia regularly for updates on the AGM and/or material developments.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at this forthcoming Forty-third (43rd) Annual General Meeting.

Group Organisation Structure



Corporate Information

BOARD OF DIRECTORS

Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh
(Executive Chairman/Managing Director)

Ibrahim Aiman Bin Mohd Nadzmi
(Executive Director)

Muhammad Adib Bin Ariffin
(Independent Non-Executive Director)

Woo Kok Boon
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

COMPANY SECRETARIES

Thum Sook Fun
(SSM PC No. 201908000139, MIA 24701)
Chew Peck Kheng
(SSM PC No. 202008001118, LS 0009559)

REGISTERED OFFICE

No. 31 Jalan Bukit Angkat,
Kawasan Perusahaan Bukit Angkat,
43000 Kajang, Selangor, Malaysia.
T: 603-8733 5030
F: 603-8733 0030

BUSINESS ADDRESS

Lot 2955, 2956 & 2957,
Jalan Perusahaan Sungai Lokan 3,
Kawasan Perusahaan Sungai Lokan,
13400 Butterworth, Penang, Malaysia.
T: 604-332 2650
F: 604-331 9771
W: www.transocean.com.my

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & No. AF: 0737)
Chartered Accountants
Level 5, Menara BHL,
51 Jalan Sultan Ahmad Shah,
10050 Penang.
T: 604-228 7828
F: 604-227 9828

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang, Malaysia.
T: 604-263 1966
F: 604-262 8544

PRINCIPAL BANKERS

CIMB Bank Bhd
Public Bank Berhad
Malayan Banking Berhad
RHB Bank Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad *("Bursa Securities")*
Stock Name: TOCEAN
Stock Code: 7218

Director's Profile

Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh *(Male)*

Aged 67
(Executive Chairman/Managing Director)
Malaysian

Tan Sri Dr. Nadzmi, has vast experience, especially in the automobile and public transportation industry. Tan Sri Dr. Nadzmi graduated from Ohio University, US in 1978 with a Bachelor of Science degree in Chemistry and Mathematics, and a Bachelor of Arts degree in Economics. After graduating from the University, he pursued his post-graduate study at the Miami University, US and obtained his Masters degree in Economics and Statistics in 1980.

Tan Sri Dr. Nadzmi was thrust into the corporate world at an early stage in his career. At the age of 36, he was appointed as Chief Executive Officer of Edaran Otomobil Nasional Berhad ("EON"), the company responsible for the distribution of the Malaysian national car. Prior to his appointment, he had gained recognition for being instrumental in ensuring the successful launch of the Malaysian national car. As a result, he was conferred the title "Man of the Year" from the Malaysian Business Magazine in 1986. During his three (3) years tenure at EON, he managed to diversify the company's business activities to include finance, property and banking. In 1990, he led the company to its successful listing on the Main Board of the KLSE.

His achievements at EON subsequently led to his appointment by the Malaysian Government as the Chief Executive Officer of Perusahaan Otomobil Nasional Berhad ("PROTON"), the company which manufactures the Malaysian national car, at the age of 39. The said appointment earned him the "Outstanding Young Malaysian" award in 1993 from the Malaysian Junior Chamber of Commerce. The following year, he was elected to join the prestigious and exclusive membership of "Global Leaders for Tomorrow" by the World Economic Forum in Davos, Switzerland.

In 1996, Tan Sri Dr. Nadzmi made the successful transition from a professional manager to an entrepreneur when he left his position as Chief Executive Officer at PROTON and took over the ownership and management of a loss-making company, Mara Holding Sdn. Bhd. ("Mara Holding"). Tan Sri Dr. Nadzmi successfully turnaround the company in a span of one and half years, making it a successful venture with five (5) core activities, namely public bus transportation, manufacturing, property, plantation and defense.

Due to his achievement in turning around Mara Holding, he was propelled into the limelight as a turnaround specialist. His services were called upon once again by the Malaysian Government to spearhead a national project involving the provision of high speed train services between the Kuala Lumpur International Airport and the Kuala Lumpur city centre via a company known as Express Rail Link Sdn. Bhd. ("ERL"). The project has now been successfully implemented and Tan Sri Dr. Nadzmi is presently the Executive Chairman of ERL.

His achievements have earned him many accolades to-date. In 2004, he was named as Malaysia's Ernst & Young Entrepreneur Of The Year (2003) and was the recipient of the Master Entrepreneur of the Year (2003) award. He was also awarded Entrepreneur of the Year 2009 by Enterprise Asia. In 2012, he was conferred the Honorary Doctorate in Entrepreneurship by the Universiti Teknikal Malaysia Melaka ("UTEM") and in 2013, he was awarded the Brand Laureate Great Entrepreneur Brand Icon Leadership Award. In 2014, he was conferred the Honorary Doctorate in Entrepreneurship by the Universiti Malaysia Kelantan ("UMK") and in 2015, he was awarded the Global Leadership Award by the Leaders International.

He was appointed as a Director of the Company on 29 November 2007 and does not serve on any board committee. He is also the Chairman and Managing Director of Konsortium Transnasional Berhad. He also chairs and is a board member of several private companies. He is the father of En. Ibrahim Aiman Bin Mohd Nadzmi. He is deemed to have interest as a substantial shareholder of the Company by virtue of his interest held through Kumpulan Kenderaan Malaysia Berhad. He has no conflict of interest with Transocean Group of Companies and he has not been charged for any offences other than traffic offence if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

Director's Profile

Encik Ibrahim Aiman Bin Mohd Nadzmi

(Male)

Aged 25
(Executive Director)
Malaysian

Encik Ibrahim Aiman Bin Mohd Nadzmi graduated with a Bachelor's Degree in Economics from University of California, Santa Barbara USA in 2019. He started his career as the Special Officer at the Chairman's Office, Nadicorp Holdings Sdn. Bhd., Nadicorp Holdings Sdn. Bhd. is the substantial shareholder of two listed companies, Transocean Holdings Bhd. and Konsortium Transnasional Berhad and thus Encik Ibrahim Aiman's primary duty as the Special Officer is to assist the Chairman in supervising the said companies' subsidiaries' operations and also several private-owned subsidiaries under Nadicorp Holdings Sdn. Bhd. The diversification of business under Nadicorp Holdings Sdn. Bhd.'s Group of companies has given him the exposure to the manufacturing, transportation and logistics sectors.

Encik Ibrahim Aiman was appointed as Executive Director of the Company on 1 March 2021. He does not hold any interest in the shares of Transocean Holdings Bhd. and he is currently a Director of Syarikat Kenderaan Melayu Kelantan Berhad, a public non-listed company that provides stage bus service in Kelantan. Encik Ibrahim Aiman is also the son of YBhg. Tan Sri Dato' Sri Dr. Mohd Nadzmi bin Mohd Salleh, the Executive Chairman/Managing Director of Transocean Holdings Bhd.. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

Encik Muhammad Adib Bin Ariffin *(Male)*

Aged 57
(Independent Non-Executive Director)
Malaysian

Encik Muhammad Adib Bin Ariffin holds a Bachelor in Economics (Major in Accounting and Finance) from Monash University, Australia. He is a member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants. He has served over twenty years in several corporations and has held various positions in finance, operations, investments and corporate development. His industry involvement includes financial services, construction, manufacturing, property and agriculture.

He was appointed as a Director of the Company on 29 November 2007 and serves as Chairman of the Audit and Risk Management Committee and member of Nomination Committee and Remuneration Committee. He does not hold any directorships in other public listed companies except for Konsortium Transnasional Berhad. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

Encik Woo Kok Boon

(Male)

Aged 43
(Independent Non-Executive Director)
Malaysian

Encik Woo Kok Boon, holds a Bachelor of Arts (Major in Economics) from York University, Toronto, Canada. He is a Fellow of The Institute of Motor Industry (IMI), United Kingdom. He started his banking career with Multi-Purpose Bank Berhad. After the banking merger, he held the position of Manager of Sales and Marketing with Alliance Bank Malaysia Berhad. He then moved to Bumiputra-Commerce Finance Berhad and served as the Head of Risk Management Division and Head of Strategic Planning Division during his tenure.

He is currently the Managing Director and Chief Executive Officer of Vita Nova Malaysia Sdn. Bhd., a distributor for cancer treatment drugs for the Asean region and Executive Director of Vita Nova Holdings Sdn. Bhd., an investment company.

He was appointed as Director of the Company on 17 October 2011 and serves as the Chairman of Remuneration Committee and member of Audit and Risk Management Committee and Nomination Committee. He is also a Director of Konsortium Transnational Berhad. He has no family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

Encik Faiz Bin Ishak

(Male)

Aged 62
(Independent Non-Executive Director),
Malaysian

Encik Faiz Bin Ishak, holds a Fellowship of The Association of Chartered Certified Accountants. Encik Faiz Bin Ishak started his career as Assistant Accountant at New Straits Times Press (M) Berhad in 1982 and thereafter he was appointed as New Straits Times Press (M) Berhad's Managing Director in 1999. In 2003, he was appointed as the Executive Director of Commerce Assurance Berhad and from 2006 until 2007, he was appointed as the Chief Executive Officer of Commerce Assurance Berhad. Encik Faiz Bin Ishak has vast experience in the business and corporate world and his industry involvement includes, financial services, insurance, media and retail, food and beverage. Encik Faiz Bin Ishak is also the Director of YTL Corporation Berhad and YTL Power International Berhad.

He was appointed as Director of the Company on 25 February 2020 and serves as the Chairman of Nomination Committee and member of Audit and Risk Management Committee and Remuneration Committee. He has no family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with Transocean Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

Profile of Senior Management

Encik Ismail Bin Ibrahim

Chief Operating Officer
(Joined on 2 April 2020)

Encik Ismail is a Malaysian aged 49 (male). He graduated with Bachelor in Business and Administrative (Hons) from Nothern University of Malaysia (UUM) in 1998.

Prior to joining Transocean in April 2020, Encik Ismail served as a Vice President (Operations) with Pos Logistics Berhad and was Regional Manager of MISC Intergrated Logistics Sdn. Bhd. He has worked in various fields of logistics sectors in Malaysia, Singapore, Africa and Iraq over the period of more than 20 years.

Encik Ismail does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

Encik Muhammad Aznan Bin Abdul Rahman

Group Accounting Manager
(Joined on 18 September 2018)

Encik Muhammad Aznan Bin Abdul Rahman is a Malaysian aged 27 (male). He graduated with a Bachelor of Accounting (Hons) degree from the University of Science, Malaysia (USM) in 2017.

He started his career as an auditor after graduated from USM. He joined the Company as an Account Executive in September 2018 and promoted as Group Accounting Manager in October 2020.

Encik Aznan does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

Encik Suntharanagulan a/l Arumugam

Group Marketing Manager
(Joined on 1 February 2010)

Encik Suntha is a Malaysian aged 60 (male). He is an Associate Member of Malaysian Chartered of Institute of Logistics and Transport since 2008 and Malaysian Certificate of Education holder.

Encik Suntha joined the Company in February 2010 as a Haulage Manager and was promoted to Group Operation Manager in 2011. He left the Company in 2015 and rejoined in February 2016 as a Group Marketing Manager. Prior to re-joining the Company, he served as a General Manager in a logistic Company overseeing the business development and operations support. He has over 25 years of working experience in the field of business development, logistics operation and cross border trade.

He does not have any family relationship with any Directors and/ or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

Encik Khairulnizam Zainol Abidin

Group Commercial Manager
(Joined on 15 April 2020)

Encik Khairulnizam Bin Zainol Abidin is a Malaysian aged 48 (male). He possess a Diploma in Electronic Engineering and has over 30 years experiences in logistics sector. He started his career in MISC Haulage Services Sdn. Bhd. in 1991 and later move on to other logistic based companies involving container depot, freight forwarding, NVOCC and shipping line.

He first joined the Company in 2012 and left in 2016 for personal reason. He subsequently re-joined the Company in 2020 as Group Head of Commercial, responsible for maintaing existing client as well as to develop new customer base and also to create new development on business unit. He is also the Chairman for Transocean Recreation Club.

He does not have any family relationship with any Directors and/ or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

Puan Theresa a/p Michael

Group Personnel & Administrative Manager
(Joined on 16 May 1995)

Puan Theresa Micheal is a Malaysian aged 44 (female). She holds a Bachelor of Arts with First Class Honours in Business Management (Human Resources Management) from University of Nottingham, United Kingdom.

She started her career with Transocean in May 1995 as a clerk and was promoted to Personnel Manager in year 2011 and as a Group Personnel & Administrative Manager in year 2012. She held this position for almost 8 years and has overall responsibility for the entire Company's Personnel and Administrative department. She had almost 18 years' of working experience in the field of Human Resources Management.

She is an Auditor for ISO Audit Committee and also a member for Safety and Health Committee for Transocean Group of Companies.

She does not have any family relationship with any Directors and/ or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. She does not hold any directorship in public and public listed companies.

Other Information Required

By the Listing Requirements of the Bursa Malaysia Securities Berhad (”Bursa Securities”)

Utilisation of Proceeds

On 26 April 2021, the Company issued a total of 4,099,800 new ordinary shares pursuant to Private Placement exercise at an issue price of RM1.08 in accordance with the general mandate for issue of shares pursuant to Section 75 and 76 of the Companies Act 2016 and paragraph 6.04 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Private Placement”) and total proceeds of RM4,427,784 had been raised from the Private Placement.

The utilisation of proceeds up to 26 April 2021 were as follows:-

Description	Proposed Utilisation (RM)	Actual Utilisation as at 26 April 2021 (RM)	Expected timeframe for utilisation of proceeds
Capital expenditure for the logistics business segment	4,127,784	-	Within 12 months
Estimated expenses for the Proposed Private Placement	300,000	-	Within 1 month
Total estimated proceeds	4,427,784	-	

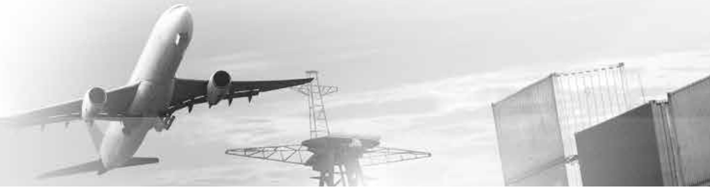
Nature of transaction			
	KTB	KKMB	Nadicorp
Provision of Freight Forwarding & Trucking Services From Transocean Logisitics to			
Puspamara Sdn. Bhd.		●	●
Badanbas Sdn. Bhd.		●	●
Carefree Premium Sdn. Bhd.		●	●
Sales of tyres by Usmeta Manufacturing Sdn. Bhd. (“Usmeta”) to			
Kenderaan Klang Banting Berhad	●	●	●
Syarikat Rembau Tampin Sdn. Bhd.	●	●	●
Kenderaan Langkasuka Sdn. Bhd.	●	●	●
Tanjung Keramat Temerloh Utara Omnibus Berhad	●	●	●
Syarikat Kenderaan Melayu Kelantan Berhad	●	●	●
Transnasional Express Sdn. Bhd.	●	●	●
Plusliner Sdn. Bhd.	●	●	●
Badanbas Sdn. Bhd.		●	●
Cityliner Sdn. Bhd.	●	●	●
Carefree Premium Sdn. Bhd.		●	●

KTB	–	Konsortium Transnasional Berhad
KKMB	–	Kumpulan Kenderaan Malaysia Berhad
Nadicorp	–	Nadicorp Holdings Sdn. Bhd.
NCSB	–	Nadi Corporation Sdn. Bhd.
Trisilco	–	Trisilco Equity Sdn. Bhd.
Ibroni	–	Ibroni Sdn. Bhd.
Tan Sri	–	Tan Sri Dr. Mohd Nadzmi bin Mohd Salleh
LSSB	–	Lengkap Suci Sdn. Bhd.
Park May	–	Park May Berhad
Tulus Hebat	–	Tulus Hebat Sdn. Bhd.
Maracorp	–	Maracorp Sdn. Bhd.
Carefree	–	Carefree Premium Sdn. Bhd.

Note:

i. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh is deemed to have an interest in Transocean Holdings Bhd. pursuant to Section 8 of the Companies Act 2016 (“Act”) by virtue of his shareholdings held through Trisilco and Ibroni in NCSB which in turn is the ultimate holding Company of KKMB.

ii. LSSB, a major shareholder of Transocean Holdings Bhd. is deemed to have an interest in the transactions between certain subsidiaries of KTB with Transocean Group pursuant to Section 8 of the Act.



Material Contracts

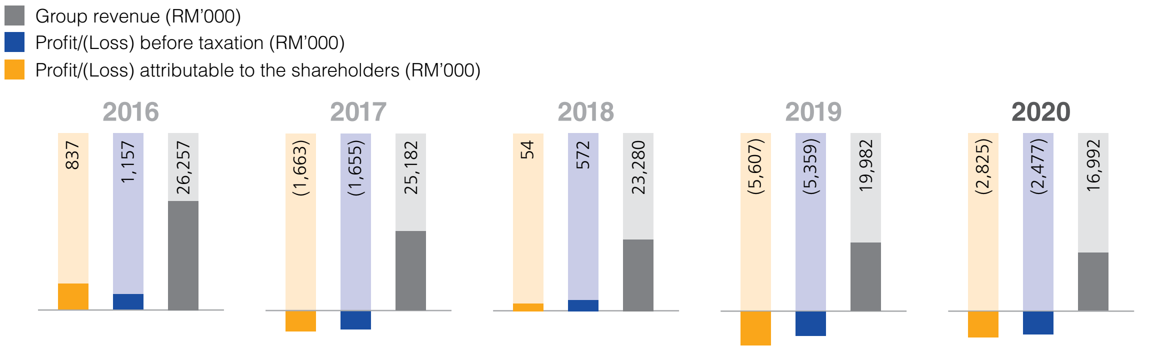
The Company had on 16 April 2021 entered into a conditional share sale agreement ("SSA") with Enfrasys Consulting Sdn. Bhd. ("ECSB") to acquire from ECSB a total of 400,000 ordinary shares representing 40% equity interest in Enfrasys Solutions Sdn. Bhd. (formerly known as Chassasia (Malaysia) Sdn. Bhd.) for a total purchase consideration of RM20,000,000 to be satisfied by the issuance of 20,000,000 ordinary shares in Transocean Holdings Bhd. at an issue price of RM1.00 per Consideration Share.

Save for the above, there were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

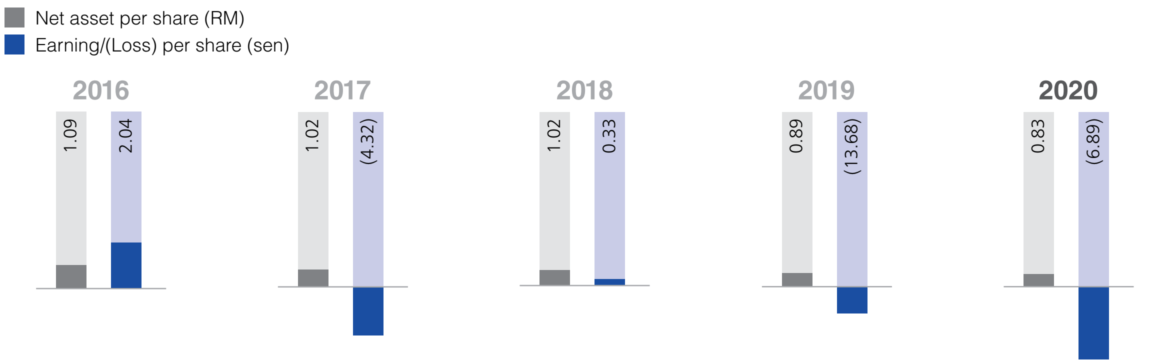
Interested Related Parties									Transacted Value during the financial year ended 31 December 2020 (RM)
	NCSB	Trisilco	Ibroni	Tan Sri	LSSB	Park May	Tulus Hebat	Maracorp	
	●	●	●	●	●			●	-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				-
	●	●	●	●	●				162,223
	●	●	●	●	●	●			195,099
	●	●	●	●	●				12,602
	●	●	●	●	●	●	●		439,911
	●	●	●	●					-

Financial Highlights

Financial Results



Group Basic Earnings Per Share and Net Asset Per Share



5-Year Group Financial Summary

	Year Ended 31 December				
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
REVENUE					
Operating revenue	26,257	25,182	23,280	19,982	**16,992**
Profit/(Loss) before taxation	1,157	(1,655)	572	(5,359)	**(2,477)**
Profit/(Loss) after taxation	837	(1,771)	134	(5,607)	**(2,825)**
Profit/(Loss) attributable to the shareholders	837	(1,663)	54	(5,607)	**(2,825)**
Share capital	40,999	40,999	40,999	40,999	**40,999**
Reserves/(Accumulated Losses)	3,543	868	941	(4,639)	**(6,940)**
Shareholders fund	44,542	41,867	41,940	36,360	**34,059**
Minority interest	29	(79)	1	1	**1**
Total Equity	44,571	41,788	41,941	36,361	**34,060**
Non-current assets	41,678	40,649	39,049	34,845	**34,497**
Current assets	21,210	15,798	12,751	11,773	**7,363**
Total Assets	62,888	56,447	51,800	46,617	**41,860**
Bank borrowings	5,150	3,898	2,557	1,479	**737**
Other liabilities	13,167	10,761	7,302	8,778	**7,063**
Total Liabilities	18,317	14,659	9,859	10,257	**7,800**
NTA RM/share	**1.09**	**1.02**	**1.02**	**0.89**	**0.83**

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of Transocean Holdings Bhd. ("THB") and its group of companies ("the Group") for the financial year ended 31 December 2020 ("FY2020").

Overview

The year 2020 is widely considered the most challenging year in recent history as the world suffered from the consequences of the COVID-19 pandemic. Almost all countries across the globe have been adversely affected and Malaysia was not spared. The ongoing pandemic is totally different from anything the world had experienced in the past.

To curb the spread of COVID-19, governments around the world had implemented strict lockdowns which led to disruption of the global supply chain, logistics and shipping services, air travels and tourism, and ruined industrial and commercial activities. Meanwhile, the global economy continued to face additional challenges and uncertainties with the ongoing trade war between the US and China. Despite these uncertainties, there are reasons for us to be a little more optimistic for 2021.

The lockdowns and travel restrictions triggered global economic downturn, that could be the most severe since World War II. With revenues plunging, businesses initiated large cuts in capital and operating expenditures. However, global uncertainties began to ease after the signing of trade agreement between the US and China on the 15th January 2020 and the UK's exit from the EU on the 31st January 2020.

In Malaysia, the GDP shrank by at 5.6% in 2020, compared to the growth of 4.3% in 2019. That was only slightly better than forecasts by international organisations such as the International Monetary Fund (-5.8%), the World Bank (-5.8%) and the Asian Development Bank (-6.0%). Malaysia's external trade improved with exports recovering in the second half of 2020, as compared to the contraction recorded in the first half of the year. This was attributed to the progressive opening of the economy and a gradual recovery of external demand.

The country recorded the highest monthly export value in the month of December at RM95.7 billion. Malaysia also recorded the highest import value of RM75 billion in December. By year on year comparison, Malaysia's trade declined by 3.6% to RM1.8 trillion in 2020 as compared to RM1.84 trillion in 2019.

Business Review and Financial Performance

The Group recorded a Revenue of RM17 million for the year ended 31 December 2020 compared with RM20.0 million for the previous year, a decrease of 15%. The logistics division contributed 77% of the revenue while the tyre division contributed the balance. The tyre division was badly hit by the several MCO's, CMCO's and RMCO's imposed by the government throughout 2020. These movement restrictions almost paralysed all inter-state bus services. The revenue for the tyre division fell by 38% to RM3.8 milllion, as compared to RM6.1million in the preceding year.

As an essential service, the logistics division (trucking, haulage, warehousing, custom clearance) were still allowed to operate under the MCO, CMCI and RMCO with strict SOPs to follow. However, due to the impact of these movement restrictions to other industries and the global slowdown in trade, revenue from trucking and haulage declined by 13% and 3% respectively. Improvement in sales could be seen in the second half of year under review, which contributed about 52% of total revenue. But the slight uptrend could not compensate the decline in the first half.

The Group recorded lower losses after tax of RM2.825 million for the year as compared to RM5.607 million in FY2019. The new depreciation policy for motor vehicles based on a shorter lifespan of 7 years - instead of 10 years used previously – contributed to about half of the loss for the year. Earnings Before Interest, Depreciation and Amortisation ("EBITDA") improved significantly to RM1.055 million during the year under review, compared to negative RM3.530 million in the preceeding year.

Chairman's Statement

Cross-border consolidated trucking operations or LTL ("Less Than Truckload/Loose cargo") continues to be the main source of revenue for the Group, with Singapore as the major destination. However for the year under review, the slight increased in exports to Singapore (3.7%) could not offset the significant 17.7% decline of imports from the neighouring country, which hurt the Group's revenue from northbound truck movements.

In July 2020, The Group successfully renegotiated the rental for its warehouse and this translated into additional revenue of RM0.15 million for the year under review and RM0.3 million per year for the full year 2021. Apart from that, this will also result in higher space utilisation and lower warehouse operation cost.

Haulage business in FY2020 generated better results compared to the previous years. This was brought about largely by the initiatives taken to revise routes for selected areas, for better truck turnaround and market presence. The better result is also attributable to improved marketing capability.

Business Outlook in the Immediate Future

For future growth, the Group has already considered expanding and diversifying beyond its traditional lines of business. Preparatory works have been Initiatiated to venture into Container Depot Business in Butterworth and Kuantan. The Group is also currently exploring the possibility of commencing warehousing business at selected locations in Klang Valley and Johor, by leveraging on the Group's existing assets.

With regard to the transportation business, the Group had initiated measures to diversify into a niche segment, that is the transportation of specifc cargoes that require specialized handling, from a neighouring country. These initiatives are expected to broaden the Group's revenue base and its operation capabilites. The above initiatives, in a way are also a response to the dwindling niche segment - the consolidated cargo business – that the Group traditionally focused on. This segment had been hurt by the relocation of electric & electronics multinationals to other Asean countries.

The Group is at the same time considering a fleet replacement program for 2021 and 2022. This is expected to increase cost and operation efficiency.

On the regional development, Penang recorded a total RM14.1 billion in investments with about 75 per cent in 2020, which came largely from foreign direct investments ("FDI"). The FDI for 2020 amounted to RM10.55 billion, making Penang the third highest manufacturing FDI recipient in Malaysia. The FDI in Penang also accounted for 19 per cent of the country's total FDI. This is good news for the industry, and would facilitate the Group's efforts to enhance its performance.

The Group would continue exploring new business opportunities, including those outside its present sector. Recently the Group entered into a conditional agreement to acquire 40% equity of a company in the ICT sector. This is part of the Group's long term plan diversification plans. The Group also carried out a private placement exercise to improve its ability to fund capital and operating expenditures.

Management will continue with efforts at enhancing cost management, asset optimisation, upgrading of operation capabilities and corporate rebranding.

Dividend

The Board does not recommend any dividend for the year ended 31 December 2020.

Acknowledgement

I wish to thank my esteemed colleagues, management and employees of the Group for their continuous commitment, loyalty and dedication. I would like to welcome En Faiz Bin Ishak on board. I would also like to welcome En Ismail Ibrahim as the new Group's new Chief Operating Officer. With his vast knowledge and experience, assisted by an able team, I am confident that the Group would reach a new height.

I would also like to express my appreciation to our valued shareholders, business partners and stakeholders for their continuous trust and support.

Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh
Executive Chairman/Managing Director

Date on 27 April 2021.

Management Discussion and Analysis

Overview of the Group's business and operations

Transocean is a well-known total integrated logistics company with services ranging from trucking, inland and cross-border transportation, container haulage, container depot, warehousing, freight forwarding and customs brokerage, and project logistics. The Group also has a division involved in tyre manufacturing and trading.

Transocean started its operations in Penang in 1977 and is often considered as a pioneer in logistics operations in the northern region. Over the years, Transocean expanded its operations to Singapore, Johor, Klang Valley and Thailand. During its early phase, Transocean started with customs brokerage services before expanding into trucking, haulage and warehousing.

Venturing into trucking business proved to be a right decision. Now, Transocean had earned the reputation as the most reliable operator for consolidated/loose cargo, for the Thailand-Malaysia-Singapore route. 'On-time Delivery' pledge is the Group's commitment to the customers, the mark of a highly reliable service. Cross-border transportation between Singapore, Malaysia and Thailand has been the major income generator for the Group's trucking business. Movements of electronic goods between, Penang and Singapore, both in the form of raw materials and finished products, became the major activity of its operations. Multinational electric and electronic companies have been among the Group's major customers.

Having a full spectrum of logistics service offering to the market is an added advantage and the Group is currently operating with its own haulage and trucking permit, forwarding licence and bonded licence for it warehousing business.

Operation Review

The Group presently operates under two divisions namely the Logistics Division and Tyre Division.

LOGISTICS DIVISION

The broad range of services under the logistics division are currently operated under four companies:

Transocean Logistics Sdn. Bhd

Transocean Logistics Sdn. Bhd. provides services like freight forwarding and customs brokerage, feeder and long-haul trucking as well as cross-border services. Transocean's customs trained/licenced personnel are stationed at various locations such as Penang Port, Bayan Lepas Airport, FTZ, Tambak Johor and Second-Link as well as Bukit Kayu Hitam to support customs clearance requirements for cargoes transported by Transocean's trucks.

Management Discussion and Analysis

Transocean operates its trucking business with 22 units of 40' trucks (mother trucks) and 10 units of smaller trucks. Trucks are operational 7 days a week and 24 hours daily, servicing the respective routes. The 10 units of smaller trucks are currently being stationed at Transocean Bonded Warehouse at Mak Mandin, Butterworth to act as the feeder truck collecting loose cargoes from various locations in Penang, Kulim and Sungai Petani to feed the mother trucks. These would then be loaded onto mother trucks that service long-haul routes to Singapore, Johor and Klang Valley.

6 units of mother trucks are also being stationed at Shah Alam for final delivery from Klang Valley to various location in Malaysia and Singapore. The consolidated trucking business is the major revenue contributor to the Group and the reliability of the services offered by Transocean is well recognized by the market.

TFS Logistics Pte Ltd

TFS Logistics ("TFS") is a logistics hub located at Tuas, Singapore. TFS provides warehousing services to customers in Singapore and operates with 22 staff. TFS feeder service for collection of loose cargoes from Singapore-based customers operates with 3 small trucks and 4 drivers. TFS logistics hub services include collection of loose cargoes, repacking into palletized form and customs documentation for both Singapore and Malaysia customs checkpoints before loading of the cargoes onto mother trucks heading for Malaysia. TFS' competitive advantage is that it guarantees customers that cargoes delivered to Tuas logistics hub before noon of the day will reach any Malaysian town by the next working day.

Transocean Distribution Hub Sdn. Bhd.

Transocean Distribution Hub ("TDH") provides warehousing services for both bonded and non-bonded cargoes with its own customs bonded licence. TDH offers 111,000 sq ft of warehouse space with 80,000 sq ft under bonded status. Out of 80,000 sq ft of bonded area, 11,000 sq ft is equipped with temperature control unit and is currently being used for temperature-sensitive cargoes.

Cargoes which are still under customs control are to be stored at the bonded area where tax need not be paid for a given period. TDH offers full range of warehouse services such as storage (for both bonded and ordinary cargoes), handling, labelling, repacking, cross-docking and distribution. For warehouse operations, the team is equipped with 2 units of 2.5 mt forklifts and 1 units of reach stacker. For the loading bay, the team is equipped by 11 units of dock leveller.

Gerak Insentif Sdn. Bhd.

Gerak Intensif ("GI") provides haulage services with 10 Prime Movers ("PM") and 70 trailers, servicing import and export customers comprising manufacturers in several industrial areas including Prai, Bayan Lepas, Kulim, Sungai Petani, Mak Mandin, Bukit Kayu Hitam, Sungai Bakap, Taiping and Ipoh. Penang Port is the major port beside Bukit Kayu Hitam and Padang Besar as the entry points to Malaysia from Thailand via land. The haulage operation also provides services for non-port related delivery (point to point delivery) servicing cross border containers carrying cargoes from Thailand by working closely with the Group's Thai partner.

For FY2020, the haulage operations showed significant improvements with better productivity and asset utilization. Several remedial measures were implemented throughout the year to improve the operational efficiency for for the haulage operation. Several measures like the realignment of focus area had resulted in improved prime mover turnaround. Haulage operations will continue to play a vital role in the logistics and supply chain and management will continue with efforts to achieve higher operation and financial efficiency.

TYRE DIVISION

Usmeta Manufacturing Sdn. Bhd.

Usmeta Manufacturing ("Usmeta") operates a retread tyre factory located in Chemor, Perak. The marketing and trading office is located in Kajang, Selangor. Usmeta's manpower strength stood at 21 staffs including 14 drivers.

The Chemor factory has a cold cure equipment and facilities to produce retread tyres. The used tyre casing goes through the process of quality inspection, repair, buffing and cementing with new pre-cured liner before being placed in the curing chambers to cement the pre-cured liner onto the old tyre casing.

Usmeta's trading arm is an authorised agent for Bridgestone and Continental. It is also the appointed retread tyre partner for Continental used tyres. Beside customers within the group, Usmeta also

Management Discussion and Analysis

serves other trucking and haulage customers, GLCs and government agencies especially in the northern region and Klang Valley.

FINANCIAL PERFORMANCE

Despite the prolonged pandemic and the numerous movement restrictions, the Group managed to sustain its level of operations throughout most part of the year. Total revenue for the group fell RM2.9 million (15%) to RM17.0 million for FY2020 as compared to RM20.0 million in FY2019. The Group's tyre division, which was quite dependant on the inter-state bus segment, was adversely affected. Usmeta's revenue declined by 37% to RM3.8 million (FY2019: RM6.0 million).

Revenue for the Logistics Division fell by 17% to RM13.53 million as compared to RM16.47 million in FY2019. Despite operating with a smaller fleet of only 10 prime movers in FY2020 (FY2019: 15 prime movers), the haulage operation managed to maintain its revenue for FY2020 at RM1.3 million.

The Group recorded a lower Net Loss of RM2.83 million for the year under review (FY2019: Net Loss of RM5.61 million). Beginning with FY2020, the Group adopted a more prudent depreciation rate for its vehicles, based on a shorter lifespan of 7 years instead of 10 years in the past. This resulted in a higher depreciation charge of RM1.4 million for the year. Earnings Before Interest, Depreciation and Amortisation ("EBITDA") improved significantly to RM1.06 million, compared to negative RM3.53 million in FY2019.

TYRE BUSINESS

60% of Usmeta's tyre business was traditionally derived from related companies and the balance from, the government and the private sectors. The implementation of MCO and CMCO and public fear of the pandemic led to a huge drop in tyre sales to bus operators since March 2020. Management is now switching focus to business potentials within the logistics industry itself.

ISO AUDIT COMMITTEE

The Group is certified to ISO 90012008 SIRIM System Standards. During the year, SIRIM Auditors and our in-house ISO Audit committee had conducted IQA internal audit and SIRIM surveillance audit with various programs including the following:

- Review and revision of the Standard Operation Procedures (SOP);
- Audit of the work procedures of selected departments;
- Discussion, review and implementation of SIRIM Auditor's findings and recommendations; and
- Training sessions for middle level staff on ISO9001:2015 standards
- Introduction of the Group's policies on:
  - o Drugs and Alcohol Policy
  - o Road Transport Safety Policy
  - o Quality Policy
  - o Anti-Corruption and anti-bribery Policy
  - o Safety, Health and Environment Policy

QUALITY, SAFETY, HEALTH AND ENVIRONMENT COMMITTEE ("QSHE COMMITTEE")

The Group will continue to give top priority to safety and health for its employee, vendors and the public. QSHE committee members are selected among staff to instill ownership on safety among them.

Emergency Response Team ("ERT") was introduced in 2020 with the efforts at enhancing Road Transport Safety Management ("RTSM"). Being a transportation company, which operates close to 40 trucks and Prime Movers, having a sound RTSM and well-trained ERT team is crucial.

Drivers underwent Defensive Driving Technique ("DDT") by in-house certified Driving Trainer. Transocean's own DDT training module is developed for this purpose. In house training for emergency response and fire drilling exercise are conducted regularly. All road accident cases are investigated, studied and discussed in details to come up with recommendation on preventive measures. The outcomes and findings from the investigation are shared with all the drivers during DDT training and during engagement sessions with them.

Apart from having well-trained ERT members, The Group had also established proper Driver's Driving Behaviour Monitoring Initiatives. Leveraging on current GPS capability, the monitoring will be focusing on driving behaviour like speeding, hard breaking, harsh acceleration and fatigue management for all Transocean's truck and haulage drivers. Awareness campaigns are conducted regularly and counselling session will be provided to the drivers involved.

Management Discussion and Analysis

MATERIAL LITIGATION

The Group has no material litigation during the year.

PROSPECT

The Group operates a full spectrum of logistics services with its own assets, licences and permits. Despite limited resources and challenging market environment, the board and management had agreed on the required remedial measures to significantly improve the Group's operating capabilities and competitive position.

In 2020, the management has lined up and implemented several strategic Initiatives:

- Rebranding of Transocean. Transocean's new logo was approved and launched in September 2020, depicting progressiveness, strength, trust and perseverance. Transocean webpage, brochures, corporate presentation will all have a new look.
- Registration with Ministry of Finance as Multimodal Transport Operator ("MTO"). Registration as a Bumiputera Status company is also being done.
- Sales and marketing efforts to sell integrated logistics solutions to customers.
- Fleet replacement program for 2021.
- Venturing into Thailand market with our present Thai Partner.
- Venturing into Container Depot business in Butterworth and Kuantan
- To develop new niche market for haulage which is Tipper Services. Management is planning to start with 3 units of tipper trailer.
- Developing Road Transport Safety Management ("RTSM") capability for the Group before tapping into Specialised Transportation carrying Dangerous Goods.
- To start Freighting and forwarding business as a new and additional BU, with business spin-off opportunity for Haulage and trucking.
- Venturing into IT business related. Leveraging on Transocean vast knowledge and experience in logistics and supply chain as a player, Transocean would understand the needs and requirement by the industry players. It will definitely be crucial in developing a marketable Integrated Logistics and Supply Chain IT System.
- IT equipment replacement program for 2021 to upgrade IT and transaction processing capabilities.

To stabilize and boost employees' confidence and morale, management had planned series of training and engagement session. Team building sessions to build employee skills and knowledge will be held from time to time. Management also is planning to establish new comprehensive and improved Performance Management System ("PMS") for its employee.

Logistics division will continue to enhance it market presence especially in relation to ist cross-border trucking service along the Thailand-Malaysia-Singapore route. The consolidated cargo segment will continue to be the Group's focus. This is based on the competitive advantages of having its own logistics hubs at major cities along the respective routes. To supplement the income shortfall from the consolidated cargo business, management is considering chartered load services for the fast-growing consumer and industrial customer segments.

Management will continue with efforts to revive the container haulage business. Measures taken include increasing the fleet size to match demand. Productivity-based reward and incentive scheme for drivers had been introduced to motivate drivers and improve their performance.

Management will also continue to work at bringing the best out of its assets, employees and business partners.

This statement is made in accordance with the resolution of the Board of Directors on 27 April 2021.

Sustainability Statement

INTRODUCTION

This sustainability statement is prepared as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Sustainability Reporting Guide (“Guide”) issued by Bursa Malaysia.

The Company and its subsidiaries (“Group”) have relied on the guidance provided under the Guide for its sustainability practices. The Guide provides guidance on how to embed sustainability in our organisation and helps us to identify, evaluate and manage our material economic, environmental and social (“**EES**”) risk and opportunities. Our sustainability practices aim to generate long term benefits to our stakeholders in terms of business continuity and value creation.

SCOPE OF REPORTING

This statement covers the sustainability performance of our core business operations for the financial year ended 31 December 2020 unless stated otherwise.

Our core business operations comprised of two divisions:

- 77% of revenues derived from total logistics services sector providing cross border trucking, container haulage, custom clearance & forwarding and warehouse services; and
- 23% of revenues derived from manufacturing and trading in re-tread tyres and trading in new tyres.

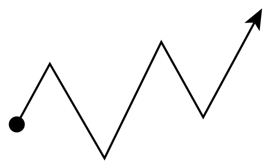
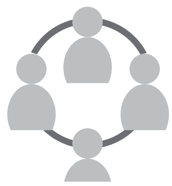
COMMITMENT TO SUSTAINABILITY

Pursuant to the Practice Note 9 of Bursa Securities Main Market Listing Requirement, the sustainability statement is prepared to enable stakeholders to have an understanding of the EES risks and opportunities that are material to the Group’s business activities. This statement provides an insight to our approach in achieving sustainability across our operations.

The Group is committed to promote sustainability and has embedded policies in its operations to minimize the impacts of our logistics activities on the environment and communities where we carry out our operations.

The responsibility to ensure that sustainability is a priority in the group’s business strategy lies with the Board of Directors. Senior Management is tasked to incorporate sustainability considerations in the day to day operations of the Group. Underlying these efforts are commitments the Group has towards good governance which includes sound and business ethics, viable policies and stewardship.

In line with the Guide, sustainability is viewed in the context of EES, as good governance is regarded as one of the underlying foundations that underpin the focus on performance along the aforementioned dimensions. The terms economic, environmental and social can be explained as follows:

Economic	Environmental	Social
		
An organisation’s impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.	An organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.	The impact an organisation has on the social systems within which it operates.
Note: These may include the organisation’s procurement practices, or community investment.	*Note: These may include the organisation’s usage of energy and water, discharge of emissions, or loss of biodiversity, etc*	*Note: These may include the organisation’s relationships with communities, employees, consumers, etc.*

(Source: Adapted from the GRI Standards)

Sustainability Statement

Stakeholder Engagement

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits to our stakeholders in terms of business sustainability and value creation.

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Methods
Investors	• Return on investment • Business prospects	• Engagement with shareholders during the Company's Annual General Meeting • Quarterly reporting • Dissemination of information through the Company's website
Customers	• Service quality • Reliable delivery • Competitive prices	• Customers feedback • After sales services • Sales and marketing visits
Employees	• Competitive salary and benefits package • Clear line of reporting and proper communication channel • Work–life balance • Career path and opportunities	• Employee handbook • Survey on Human Resource ("HR") practices in the market • Internal training • Engagement with employees • Sports and recreation programme • Occupational safety and health
Vendors	• Procurement policy and procedures • Prompt payments within credit period • Business prospects and financial stability	• Disseminate procurement policy and procedures • Assessment on suitability of vendors • Reinforcement of code of conduct for ethical practices
Communities	• Impact of operations on surrounding environment • Corporate social responsibility	• Engagement with local communities • Provide job opportunities • Pay attention to polluting emissions and effluents
Regulatory authorities	• Compliance with existing laws • Standards and certification	• Updates on rules and regulations • Consultation with authorities • Attendance at relevant seminars and conferences

Sustainability Statement

Material Sustainability Matters

Sustainability matters are the risks and opportunities arising from the EES impacts of an organisation's operations and activities and sustainability matters are considered material if they (a) reflect our Group's significant EES impacts; or (b) substantively influence the assessments and decisions of our stakeholders.

Based on existing policies and practices, we have identified and prioritised the following material sustainability matters which have the greatest impacts on our business operations and stakeholders.

Economic

We have formulated sustainability practices which aim to generate long term benefits to all our stakeholders in terms of business continuity and value creation.

Our view to business excellence is the focus on strong corporate governance and prudence in financial management by adapting to the challenges from market changes. We strive to achieve the followings:

- Healthy turnover and strong operating cash flows;
- Maximizing vehicles utilization to enhance operation efficiency and productivity; and
- Retain customers by providing quality and prompt services.

The Group acknowledges its shortcomings as follow:

- Small capital base with limited income generating assets.
- Succession and ageing problems.

To ensure continuity and long term viability of the Group, the Board has been continuously looking for potential investors for asset injections into the Group to expand its capital base and income generating assets. The targeted investors are:

- Local logistics operators looking for merger and acquisition to list its assets, and/or
- E-commerce logistic operator looking for Malaysian partner.

The long term sustainability program of the Group could only be established when it has successfully identified and team up with the right investor(s).

- ***Marketplace***
  We are committed to conduct our business activities ethically and in a transparent manner so as to build a lasting and trusting business relationship with all our stakeholders.

- ***Service quality***
  Our reputation is built upon the quality, prompt and secured services deliver to our customers. Our services meet regulatory, safety and quality standards and expectation of our customers.

- ***Customer satisfaction***
  We recognise and believe in the slogan of "the customer is always right". In line with this slogan, our operation staffs are well trained to give high priority to customer satisfaction and to achieve this attribute our service staffs are required to attend training in marketing and soft skills development.

- ***Market presence***
  To constantly build up our market share, we participate in structured program related to logistics activities. Further we have visited customers to engage with them and to obtain feedback which will form part of our data base to formulate our business strategy to expand our market share.

- ***IT system***
  We are supported by open Bravo Enterprise Resource Planning ("ERP") which is an integrated computer based system used to manage our logistics operation. ERP system which provides real time details on ordering of services, GPS tracking on cargo movements, invoicing etc. Maintaining and services of ERP system is outsourced to reputable computer service provider. Our IT system has all the necessary security features in place to secure our data base and to protect against malware attacks.

- ***Workplace***
  Our employees are our greatest asset and managing them is our priority. We have in place our Employee Handbook which spelt out our HR policies and practices and comply with the Employment Act, 1955. In order to retain our talents we have come out with competitive remuneration package which is comparable in the industry, as well as creating a healthy and conducive workplace. This strategy will provide us with a stable and productive workforce which will contribute to our sustainability efforts. Further, we have in place our code of conduct to govern the ethics and behaviour of our employees in the discharge of their duties in the workplace as well as in our business dealings with customers, vendors and service providers.

Sustainability Statement

- ***Recruitment***
  We have implemented a standard recruitment procedure which will ensure the proper identification and recruitment of new talent to join our organisation to contribute to the growth of our business.

- ***Career path***
  In order to retain our talents, we provide opportunities for high-potential employees to develop and progress to senior positions in the Group. Priority is given to existing employees for promotions rather than getting fresh candidates from outside.

- ***Training***
  We believe in empowering our employees by having in place a standard operating procedure on training and personnel development. By providing appropriate training to our employees will result in better customer service, productivity improvements, better efficiency and better workplace safety practices. During the year, we carried out training sessions for our employees. Ultimately, we hope to achieve better business performance and profitability and improve staff morale.

- ***Employee engagement***
  In engaging our employees, we employ a "two-way" approach where we give opportunity for the employees to make known their grievances and also to give suggestions to improve or resolve their concerns and unhappiness. We have placed a "suggestion box" to facilitate this practice.

  We embrace diversities by celebrating the various major festivals with our employees to promote understanding of each other's culture and thereby creating harmony, peace and joy in our organisation.

- ***Safety and health***
  Our policy is to create a safety and healthy workplace for our employees where they have a peace of mind whenever they are working in our factory premises. We have complied to the best of our ability the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994, Environmental Quality Act, 1974, and Fire Services Act, 1988.

  Some of the more important measures which we have implemented to complement the compliance of the aforementioned laws and regulations are:

  - Establishing a Safety Committee to oversee and monitor ongoing safety and health initiatives which have been undertaken.
  - Regular maintenance of fire extinguishers and proper layout location and signage plan for the fire extinguishers for easy identification in the event of emergency.
  - Invite fire fighting authority to conducting training on fire fighting and safety operation.

- ***Work and business ethics and anti-corruption policy***
  Our work ethics require all our employees to discharge their duties and responsibilities in accordance to their job functions professionally, honestly, productively and efficiently. Likewise for those conducting business on behalf of the Group are required to observe generally accepted business ethics such as engaging in fair negotiations with our customers and vendors and adopting a "win-win" strategy when closing business deals.

  Premised on the aforementioned, we will not tolerate bribery and corruption practices among our employees irrespective of ranks and status. As bribery and corruption practices fall under criminal, anyone caught will be dealt with severely like reporting to the police and brought to court.

- ***Certification***
  We have acquired the certification of ISO 9001:2015 – Quality Management Systems which sums up the high standard of management practices in our organisation. This certification ensures our customers consistently receive high quality services, which in turns bring many benefits, including satisfied customers, management and employees.

Environment

The Group regularly reviews its environmental policies to address pressing environment concern, and explore measure to reduce the impact of its operation on the environment.

Sustainability Statement

The Board and management are following closely on the technology developments on the two major problems faced by the trucking industries:

- Carbon emissions from vehicles; and
- Road safety and accidents.

We are also following closely on technology improvement for the green vehicles or environmentally friendly vehicles. Green vehicles include vehicles types that function fully or partly on alternative energy sources other than fossil fuel or less carbon intensive than gasoline or diesel. Our Government is actively promoting the use of 10% B10 diesel to mix with conventional fossil fuel based vehicles, making them function partially on renewable energy resources. These latest developments are helping to improve energy efficiency and reduce carbon emissions.

For the time being, the majority of our trucks are equipped with environmentally friendly euro 2 engines.

- On road safety and vehicles accident, development on self-driving vehicles or driverless vehicles controlled by AI technology or robotics moving on designated routes has reached the testing on waste management.

  We store our production waste in a proper storage area and the waste is regularly disposed of as scraps. We do not have any scheduled waste which requires special handling pursuant to the Environmental Quality Act, 1974.

Social Responsibilities

The Group takes responsibility to ensure that our employees have a safe and healthy working environment that vehicles are inspected on regular basis and drivers are sent for training on driving skills as well as road safety awareness. Sales and management staff are asked to attend seminars and technical training to create opportunities for them to seek challenges and grow. Employees' wellbeing is a key issue that the Group thrives to address to ensure that our employees remain happy and motivated at work.

The Group provides internship program which give undergraduate students the opportunities to gain practical experience. These students are attached with our operation for 6 months period to allow them to gain valuable working experience that will allow them to excel in their academic and professional pursuits.

Corporate governance is a crucial element towards realizing our sustainability goals. It provides us with a foundation to implement sustainability strategies across the Group, while ensuring that we remain steadfast in fulfilling our obligations to stakeholders. We strive to maintain high standards of corporate governance throughout the Group by embracing transparency, integrity, accountability and discipline in all our practices.

This statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 27 April 2021.

Audit and Risk Management Committee Report

The Audit and Risk Management Committee ("ARMC") of TRANSOCEAN HOLDINGS BHD. currently comprises of the following three members, all of whom are Independent Non-Executive Directors:-

Chairman	No. of meeting	Attended	% of attendance
Encik Muhammad Adib bin Ariffin (Independent Non-Executive Director)	4	4	100%
Members			
Encik Woo Kok Boon (Independent Non-Executive Director)	4	4	100%
Encik Faiz Bin Ishak (Independent Non-Executive Director) *(Appointed on 25 February 2020)*	3	3	100%

Encik Muhammad Adib Bin Ariffin is a member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants and Encik Faiz Bin Ishak holds a Fellowship of the Association of Chartered Certified Accountants.

Terms of Reference

The Term of Reference of the ARMC is available on the Company's website www.transocean.com.my.

Summary of Activities of the ARMC during the Financial Year

During the financial year ended 31 December 2020, the ARMC carried out the following works in discharging its functions and duties in accordance with the Terms of Reference:-

Financial Reporting

i. Reviewed the unaudited quarterly financial results with management and made recommendations to the Board for approval, and

ii. Reviewed the annual audited financial statements of the Group and Company and the Annual Report and made recommendations to the Board for approval.

External Audit

i. Reviewed the independence and competence of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.

ii. Recommended the proposed re-appointment of external auditors.

iii. Reviewed the audit plan for the financial year ended 31 December 2020, the nature and scope of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements.

iv. Held meetings and dialogues with the external auditors without the presence of any executive Board members and management staff, and

v. Reviewed the external auditor findings, audit report and management letters including management's response.

Audit and Risk Management Committee Report

Internal Audit

i. Reviewed the internal auditor's performance throughout the financial year to oversee the adequacy and effectiveness of the internal audit function, and

ii. Reviewed the audit plan, audit report, findings and recommendations of the internal auditors and management's response and follow-up actions taken by management on recommendation.

The Group's internal audit function is outsourced to an independent professional firm which specialized in internal audit and risk management. The internal Auditors report directly to the ARMC. They assist the Board by reviewing the adequacy and the effectiveness of the internal control system, set up by the management based on scopes approved by the ARMC.

During the financial year under review, Internal Auditors had conducted assurance review on the following subsidiary:

Transocean Holdings Bhd. – Property and plant management.

Gerak Intensif Sdn. Bhd. – Container haulage services.

Transocean Logistics Sdn. Bhd. – Freight services management.

Usmeta Manufacturing Sdn. Bhd. – Procurement, sales and marketing.

The internal auditors had reported that they have discussed with the management on each of the audit findings raised in their report together with recommendations, and on overall, they are satisfied with the management comments and proposed corrective actions towards their audit findings and recommendations.

The total amount of expenses incurred for the internal audit function for the financial year under review is RM22,000.

Risk Management Function

The Board had engaged the service of independent consultant to assist the ARMC to provide assurance to the Board as to whether the Company's risk management is operating adequately and effectively. This is in accordance to Bursa Malaysia Securities Berhad's guidelines on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance 2017.

The scope of work undertaken was to assess the current state of the Risk Management Framework adopted by the Group and encompasses the assessment of the Group's principal risks, as well as the potential losses.

This statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 27 April 2021.

Corporate Governance Overview Statement

The Board of Directors ("Board") of TRANSOCEAN HOLDINGS BHD. ("Company") recognizes the importance of good corporate governance and the need to ensure that the principles and best practices on corporate governance are observed and practiced throughout the Company and its subsidiaries ("Group"). The Board is committed to continue improving and enhancing the Group's procedures from time to time to ensure that the principles and best practices in corporate governance recommended in the Malaysian Code on Corporate Governance 2017 ("the Code") are applied within the Group to protect and enhance shareholders' value.

The Board presents this Corporate Governance Overview Statement ("Statement") to provide shareholders an overview of the corporate governance practices of the Company during the financial year ended 31 December 2020. This statement should be read in conjunction with the Corporate Governance Report ("CG Report") of the Company, which provides the details on how the Company has applied each practice as set out in the Code. The CG Report is available for reference at the Company's website at www. transocean.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Roles and Responsibilities

1. Clear Roles of Responsibilities

The Board, comprising the Executive and Independent Non-Executive Directors takes full responsibility for the overall governance of the Group by ensuring the strategic direction, control and succession plan of the Group, the effective monitoring of performance goals and accountability, the shareholders and all other stakeholders, as well as formalizing documentation on matters specifically reserved for its decision and ensuring that the Group's internal controls, risk management and reporting procedures are well in place. The Management is responsible for the day to day operations of the business and effective implementation of the Board decisions.

The Board recognizes the importance of reviewing and adopting strategic business plans and overseeing the conduct of the business in order to ensure that the business is being properly managed.

All the directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he becomes aware of such interest. The Company Secretary shall keep a record of such declarations.

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions;

a. Reviewing and adopting a strategic plan for the Company.
b. Approving Business Plan and Annual budgets presented by the Management.
c. Overseeing the conduct of the Group's business.
d. Identifying business risks and the implementation of appropriate internal controls.
e. Overseeing the development and implementation of a shareholder communication policy.
f. Reviewing the adequacy and integrity of the Group's internal control and management information systems.
g. Succession planning.

Overall, the internal organization structure is designed to have clear lines of authority and responsibility for the business and operation strategy, promote fast and accurate decisions, and enhance management transparency and efficiency. The Board regularly reviews the operational and financial reports which are tabled at the Board meetings held at least 4 times a year.

2. Board Meetings & Attendance

Board meetings are scheduled in advance to enable Directors to plan ahead and maximize their attendance. All Directors are provided with agendas together with the Board papers at least 5 working days in advance. This is to enable the Directors to have ample time to review, consider and to deliberate knowledgeably on all issues and to facilitate informed decision making. The Board papers circulated include quarterly reports and annual financial statements, minutes of meetings, management reports, update from regulatory authorities, related party transactions, internal and external audit reports. The Directors have access to all information within the Group to enable them to discharge their responsibilities.

Corporate Governance Overview Statement

2. Board Meetings & Attendance (cont'd)

During the financial year ended 31 December 2020, the Board held a total of four (4) Board meetings. Details of the attendance record of the Board for the financial year ended 31 December 2020 is set out below:-

NAME	ATTENDANCE
Executive Chairman	
YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh	2 of 4
Ibrahim Aiman Bin Mohd Nadzmi *(Appointed on 1 March 2021)*	N/A
Non-Executive Directors	
Encik Muhammad Adib Bin Ariffin	4 of 4
Encik Woo Kok Boon	4 of 4
Encik Faiz Bin Ishak *(Appointed on 25 February 2020)*	3 of 3

Senior Management staffs are invited to attend Board Meetings. The Board also notes the decisions and salient issues deliberated by the Audit and Risk Management Committee.

All Directors whether as a full Board or in their individual capacity, have full and unrestricted access to the advice and services of the Company Secretaries and Senior Management staff and if necessary, may seek independent professional advice at the Company's expense, to assist them in forming their opinion and findings in the lead up to Board decision.

3. Supported by Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who satisfy the qualification prescribed under Section 235 (2) of the Companies Act 2016 and have the requisite experience and competency in company secretarial services.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretaries promptly disseminates communications received from the relevant regulatory and/or governmental authorities.

The Company Secretaries organize and attend all Board meetings and is responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.

4. Board Charter

The Board has established clear function to provide guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, reserved for the Board and those delegated to Management, the requirement of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities and will make it publicly available, on the Company's website at www.transocean.com.my. The board manual is subject to periodic reviewed by the Board as and when required. The last review of Board Charter by the Board was on 24 November 2020.

There is a clear division of responsibilities between the Executive Director and Non-Executive Directors of the Board. The Executive Director is responsible for the implementation of the Board's decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

5. Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Group are guided by the Code of Ethics issued by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Conduct and Ethics is published on the Company's website.

Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the Audit and Risk Management Committee. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

Corporate Governance Overview Statement

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

I. Board Roles and Responsibilities (cont'd)

6. Whistle-blower and Anti-Corruption Policy

The Board has adopted a Whistle-blower Policy and is committed to conduct its business and working with all stakeholders including employees, suppliers, customers, and shareholders in a manner that is lawful and ethically responsible. It expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

Pursuant to the amendments to the Malaysian Anti-Corruption Commission Act 2009, the Company has established and adopted an Anti-Corruption and Bribery Policy to prevent corrupt practices by persons associated with the Company's Directors or employees, thereby providing them with a measure of assurance and defense against corporate liability for corruption under the new section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") which came in force on 1 June 2020. The said Anti-Corruption and Bribery Policy was adopted on 17 June 2020 and is available on the Company's website at www.transocean.com.my.

7. Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the economic, environmental, and social ("EES") aspects is taken into consideration. Whilst the Group embraces sustainability in its operations and supply chain, the Board has formalized a Sustainability Policy, addressing the EES aspects to be incorporated in the Group's strategy.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board consist of four (4) Directors, comprising three (3) Independent Non-Executive Directors ("INED") and one (1) Executive Director. Subsequent to financial year ended 31 December 2020, the Company has appointed Encik Ibrahim Aiman Bin Mohd Nadzmi as an Executive Director of the Company on 1 March 2021.

The Company takes serious effort to have a balance Board which comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure to drive the Group forward. The Board has majority Independent Directors as its members. A brief profile of each Director is presented in the Profile of Directors section of this Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of the Group.

The Group is led by a strong and experienced Board under the Chairman who also assumes the responsibilities of the Managing Director. The roles of Chairman and Managing Director are assumed by YBhg Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh in recognition of his entrepreneurial leadership. YBhg Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh is assisted by 3 INEDs.

The Board is cognizance that the roles of the Chairman and Managing Director must be segregated. However, in view of the size and simplicity of the operations, the Board is of the opinion that the present arrangement will not compromise on the good governance of our Group as the 3 INEDs will provide the necessary check and balance. The Board assesses this situation annually and will take the corrective action to comply with the Code when appropriate.

Pursuant to Practice 4.2 of the Code, the Company is required to seek shareholders' approval if it intends to retain the independent status of a Director who has served the Company for a cumulative term of more than nine (9) years. If the Board continues to retain the services of an Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board had at the annual assessment assessed the independence of Encik Muhammad Adib Bin Ariffin and Encik Woo Kok Boon, the INEDs who have served the Board for more than twelve (12) years and 9 years respectively, and were of the view that they remain objective and independent in expressing their views and in participating in deliberation and decision making of the Board and Board Committees. Their length of service on the Board do not in any way interfere with their independent judgment and ability to act in the best interests of the Company. The Company has hence sought its shareholders' approval at the forthcoming Annual General Meeting ("AGM") to retain them as INED.

Corporate Governance Overview Statement

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

II. Board Composition (cont'd)

1. Board Composition and Balance (cont'd)

The Board believes it is important to recruit and retain the best qualified individual who possesses the requisite skills, knowledge, experience, independence, foresight and good judgment to contribute effectively to the Board, regardless of age, gender, race or religion.

2. Board Committee

In discharging its fiduciary duties, the Board has delegated specific responsibilities to the following three (3) Board Committees, which operate within the approved Terms of Reference ("TOR"). Notwithstanding the above, all Board Committees do not have executive powers but only the power to make recommendations to the Board. The ultimate responsibility for the final decision lies with the entire Board. These committees are:

- Nomination Committee ("NC"),
- Remuneration Committee ("RC"), and
- Audit and Risk Management Committee ("ARMC")

a. Nomination Committee ("NC") – Selection and Assessment of Directors

The NC currently comprises entirely of INED as follows:-

CHAIRMAN

Encik Faiz Bin Ishak

COMMITTEE MEMBERS

Encik Woo Kok Boon

Encik Muhammad Adib Bin Ariffin

In financial year 2020, the NC has completed its review of the composition of the Board of Directors. The Board has stipulated specific TOR for the NC which cover, inter-alia, to oversee the selection and assessment of Directors to ensure that board composition meets the needs of the Company, and hence, is tasked with the following duties and responsibilities:-

- Assessed and recommended the re-election and re-appointment of the Directors at the AGM;
- Reviewed the independence of the Independent Directors of the Company;
- Reviewed the required mix of skills and experience and other qualities of Directors, succession planning, integrity, and competence to effectively discharge their role as a Director;
- Recommended the retention of an Independent Director as an Independent Director pursuant to Recommendation 3.3 of the Code; and
- Evaluate and recommend the appointment of Executive Director.

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

The process of assessing the Directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual Director. The criteria used, amongst others, for the annual assessment of individual Director includes the assessment of their roles, duties, responsibilities, competency, expertise and contribution. Whereas, the criteria for the assessment of the performance of the Board and Board Committees cover composition, processes, accountability, responsibilities as well as the fulfillment of duties.

Corporate Governance Overview Statement

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

II. Board Composition (cont'd)

2. Board Committee (cont'd)

a. Nomination Committee ("NC") – Selection and Assessment of Directors (cont'd)

The Board acknowledge the recommendation of the Code on the establishment of a gender diversity policy for the Board. The Board will consider the recommended policy going forward.

The TOR of the NC is published on the Company's website.

b. Remuneration Committee ("RC")

The RC comprises of the following members and all of whom are INED:

CHAIRMAN

Encik Woo Kok Boon

COMMITTEE MEMBERS

Encik Muhammad Adib Bin Ariffin

Encik Faiz Bin Ishak

The RC carries out the annual review of the overall remuneration for Directors and key Senior Management Personnel whereupon recommendations are submitted to the Board for approval.

The Board has not formulated a remuneration policy for the directors, but the RC decides on the suitable remuneration package which is linked to performance, responsibility levels and is comparable with the market norm.

However, the RC ensures that the Senior Management Personnel remuneration package is fair and able to attract and retain talent.

The remuneration package for the Non-Executive Directors is determined by the Board which comprises of the following:

Director's Fees	The fees are payable to the Non-Executive Directors and are recommended by the Board for approval of the shareholders at each AGM.
Meeting allowances	The allowances are payable to the Non-Executive Directors and Executive Director for attendance of the Board and Committee meetings which shall subject to shareholders' approval pursuant to Section 230(1)(b) of the Companies Act, 2016.

3. Directors Remuneration

The details of the Directors' remuneration paid/payable to all Directors of the Company for the financial year ended 31 December 2020 are set out as below:

	SALARIES RM	ALLOWANCE RM	FEE RM	BENEFIT IN-KIND RM	TOTAL RM
Executive Directors	360,000	1,000	-	43,200	404,200
Non-Executive Directors	-	7,000	102,000	-	109,000

Corporate Governance Overview Statement

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

II. Board Composition (cont'd)

3. Directors Remuneration (cont'd)

The details of the Directors' remuneration paid/payable to all Directors of the Company for the financial year ended 31 December 2020 are set out as below:

Company

	SALARIES RM	ALLOWANCE RM	FEE RM	BENEFIT IN-KIND RM	TOTAL RM
Executive Directors					
YBhg. Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh	360,000	1,000	-	43,200	404,200
Non-Executive Directors					
Encik Muhammad Adib Bin Ariffin	-	2,500	36,000	-	38,500
Encik Woo Kok Boon	-	2,500	36,000	-	38,500
Encik Faiz Bin Ishak	-	2,000	30,000*	-	32,000

* The fee was prorated from the date of appointment, i.e. 25 February 2020 up to financial year ended 31 December 2020.

Directors Training

The Group recognizes the need to upgrade and enhance the skills of the Board members. However, the Directors have not attended any training programme during the financial year ended 31 December 2020 due to COVID-19 pandemic.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all Directors appointed to the Board of public listed companies are required to attend the Mandatory Accreditation Programme ("MAP"). The newly appointed Director, Encik Ibrahim Aiman Bin Mohd Nadzmi will attend the MAP to comply with the MMLR.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulation and the business development.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

The ARMC comprises three members, all of whom are INED, as follows:

CHAIRMAN

Encik Muhammad Adib Bin Ariffin

COMMITTEE MEMBERS

Encik Woo Kok Boon

Encik Faiz Bin Ishak

The principal function of the ARMC is to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Group's business strategies and the development of sound internal control system and effective risk management framework.

The Company outsourced the risk management and internal audit functions to independent consultants to identify the principal or potential risks exposed to the Group in pursuing its business objectives and strategies.

In accordance with the best practices of corporate governance, the ARMC presents its Report contained in this Annual Report.

All ARMC members are financially literate and the ARMC's composition and performance are reviewed by the NC annually and tabled to the Board for its notation.

2. Relationship with External Auditors

The Board has established a transparent and appropriate relationship with the external auditors through the ARMC, which has been accorded with the power to communicate directly with the external auditors towards ensuring compliance with the accounting standards and other related regulatory requirements. The role of the ARMC in relation to the external auditors is described in the ARMC Report.

The ARMC performed an annual assessment on the performances, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the four keys areas:-

- Quality of services;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity.

During the financial year ended 31 December 2020, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively were as follows:-

	Group	Company
Statutory audit fees paid/payable to:- Grant Thornton Malaysia PLT	RM78,500	RM35,000
Non-audit fees paid/payable to:-		
Grant Thornton Malaysia PLT	RM5,000	RM5,000
Grant Thornton Tax Consultant Sdn. Bhd.	RM15,000	RM3,000

The ARMC is satisfied with the competence and independence of the external auditor.

Corporate Governance Overview Statement

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

3. Risk Management and Internal Control Framework

The ARMC together with Internal Audit function, oversees the Enterprise Risk Management ("ERM") Framework of the Group. The ARMC reviews and identifies areas of potentials high risk faced by the Group and advises the Management, make recommendations to the Board to establish adequate compliance and control over the organization. The ARMC also reviews risk management policies and makes recommendations to the Board for Approval.

The Statement on Risk Management and Internal Control which has been reviewed by the external auditors and included in the Annual Report provides an overview of the state of risk management and internal control within the Group by Risk Management and Internal Control Framework.

4. Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional services firm to provide the ARMC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal audit control and risk management. The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The internal audit function is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and Audit Committee report.

The Internal Auditors report functionally to the ARMC and has unrestricted access to them. Its function is independent of the activities or operations of other operating units.

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

1. Communication with stakeholders

The Group believes in, and emphasizes, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavors to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:-

i. Electronic facilities provided by Bursa Securities; and
ii. Corporate website.

Shareholders, investors and members of the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail to the following persons:-

NAME	POSITION	EMAIL ADDRESS
Ismail Bin Ibrahim	Chief Operating Officer	ismail@transocean.com.my

Shareholders and investors can obtain the Group's latest announcements such as quarterly financial results at Bursa Malaysia website (www.bursamalaysia.com) and the Group's website (www.transocean.com.my)

Corporate Governance Overview Statement

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

2. Shareholders Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, AGM, continuing and timely disclosures of information, the Group welcomes dialogues with shareholders and investors at general meeting of the Company.

At each AGM, the Directors of the Company would be present to answer any questions from the shareholders. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the AGM. The external auditors will also be present to answer any questions from the shareholders relating to their audit. The shareholders and proxies are also able to engage with the Directors after the meeting.

Notices of AGM are dispatched at least 28 days before the AGM to accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly.

Dialogues and discussions with investors and analysts are conducted within the framework of the relevant Corporate Disclosure Guidelines under Main Market Listing Requirement of Bursa Securities ("Listing Requirements").

All voting are conducted by way of poll and the Company will continue to explore leveraging the use of information technology to enhance quality of engagement with shareholders and facilitate participation.

This Corporate Governance statement was approved by the Board of Directors of Transocean Holdings Bhd. on 27 April 2021.

Statement on Risk Management and Internal Control

INTRODUCTION

THE Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2020, which has been prepared pursuant to paragraph 15.26(b) of Bursa Securities Main Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance 2017 ("the Code").

Pursuant to the Guidelines and the Code, the Board is committed to establish a sound risk management framework and internal control system. The internal control is designed to manage rather than to eliminate the risk of failure to meet the Group's business objectives. Therefore it can only provide reasonable but not absolute assurance against material misstatement, operational failure, fraud or loss and this is achieved through a combination of directive, preventive, detective and corrective measures.

THE BOARD RESPONSIBILITIES

The Board recognizes the importance of sound risk management practices and internal controls to safeguard shareholders interest and assets of the Group. The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability, and efficiency of the operations. The Board acknowledges its responsibility for the adequacy and the integrity of the Group's system of risk management and internal control which includes the establishment of the appropriate control environment and risk framework, as well as reviewing its adequacy and effectiveness. By virtue of the nature of its business activities, the Board considers its strategic risk appetite and seeks to minimize risks at operational level.

The risk management and internal control system have been in place for the financial year under review and up to the date of approval of this statement. The Board is of the opinion that risk management and internal control system were adequate to address the risk of the Group.

GROUP RISK MANAGEMENT OBJECTIVES

- Ensure the continuity of business and quality services to customers.
- Safeguard the assets of the Group and the interest of all shareholders.
- Provide a happy working environments and take care of the safety and health of employees
- Ensure compliance of applicable laws, regulations and the code.

RISK MANAGEMENT FRAMEWORK

The Board has established a risk management framework with the objective of setting clear guidelines in relation to the levels of risk acceptance to the Group. The system of Risk Management and Internal Control is designed to meet the Group's objectives and strategies, and the risks to which it is exposed. The key aspects of our risk management framework are as follows:

- **Identification of specific risk areas**
  Annual risk survey is carried out with the involvement of head of department for identifying risks posed to the Group. Risks identified are assessed and discussed by the Audit and Risk Management Committee ("ARMC") based on the Group business environment, incident analysis, findings of internal audits and analysis of the Group's performance relative to the business growth and strategy.

- **Evaluation of the causes and consequences**
  Risk analysis and evaluation is carried out using scenario based assessments to assess the potential impact to the Group.

- **Managing and rating of risk**
  Risks identified are assessed based on their likelihood of occurrence and their impact to the Group.

- **Risk mitigation and action plan**
  Implementation of tactical solutions to soften or mitigate risks, including preventive and detective controls and measures.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (cont'd)

In providing oversight of risk management framework and policies of the Group, the Board is assisted by the ARMC which had identified the following risks that are significant to the business operations.

Market Risks

- Loss of key customers – due to macroeconomic downturn, other market conditions and stiff competition.
- Escalating cost of services and diesel price fluctuation – Fluctuation of diesel price, depreciation of Ringgits and other cost escalations.

Operation Risks

- Warehouse management – the risk of fire, theft & burglary.
- Road accidents – road accident and rough handling causing damage to customer cargo.

Financial Risks

- Credit risk – close monitoring on the performance of customers to avoid bad debts.

The management has come out with the appropriate internal controls to mitigate the above identified risks and the Board is satisfied with the results of the controls in place.

INTERNAL CONTROL STRUCTURE

The Board acknowledges the importance of maintaining a sound internal control system. The Group's system of internal control is embedded in the day to day operational and management process as follows:

- **Credit policies and control** – New customers must go through the credit evaluation process before customers profiles, credit terms and limits are keyed into the master data base to kick start the trading process.

  The credit control committee reviews the performance of the customers and status of credit on weekly basis. Exceptions are highlighted to senior management for the necessary actions on debts recovery.

- **Billing and documents** – The Group operates with cloud base Enterprise Resource Planning System (ERP) with live data connectivity for cross border activities. Warehousing, haulage and manufacturing sectors are operated with server based system. Delivery orders, invoices and custom declaration forms are generated from the system. Monitoring on mileage and fuel consumption is managed from Prai control room.

- **Protection on customer's cargo** – Warehouse is covered with fire and warehouse liabilities insurance. Goods in transit are covered by Transporters Liabilities insurance and also Goods in Transit Insurance.

- **Road safety** – Drivers are given continuous training on safer ways to drive truck, handling of goods and trucking documents.

The Board has engaged an independent professional firm, which reports to the ARMC to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

During the year under review, the Independent firm has performed audits on the following subsidiaries' operations i.e. management, credit control and related party transactions including recurrent:-

1. **Transocean Holdings Bhd.**
   – Property Plant and Equipment Management
2. **Gerak Intensif Sdn. Bhd.**
   – Container Haulage Services
3. **Transocean Logistics Sdn. Bhd.**
   – Freight Services Management
4. **Usmeta Manufacturing Sdn. Bhd.**
   – Procurement, Sale and Marketing

The scope of internal audit are as follows:

- **Transocean Holdings Bhd.**

  Maintenance of register, capitalization and depreciation policies, acquisition, disposal and transfer of assets, vehicles maintenance control, vehicle license management, preventive fleet management, physical storage of assets and safeguarding of assets.

Statement on Risk Management and Internal Control

- **Gerak Intensif Sdn. Bhd.**

  Delivery schedule management, cargo handling/goods handling management, processing of customs clearance, billing, handling customer complaints, cargo tracking and securities.

- **Transocean Logistics Sdn. Bhd.**

  Managing and processing of customer orders, shipping arrangement, delivery schedule planning and control, booking of freight space (Export of cargo), customs clearance procedures, billing, customer database and relation management, services delays/failure analysis and handling of customers complaints.

- **Usmeta Manufacturing Sdn. Bhd.**

  Sale forecasting, managing and processing of sales, product pricing, shipping arrangement, outgoing quality control, customer database and relation management, purchase planning, sourcing of supply, managing and processing of purchases, incoming quality control, supplier selection and performance review, supplier database and relation management.

Assurance from Management

The Board has obtained assurance from senior management that the risk management and internal system of the Group are operating adequately and effectively in all material aspects, based on the risk management framework adopted by the Group.

Board's Statement on Risk Management and Internal Control

The Board of Directors is of the view that the risk management and internal control system are satisfactory and have not resulted in any material losses that would require disclosure in the Annual Report for the year ended 31 December 2020 up to the date of this statement.

The external auditors have reviewed this statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3) - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Company for the year ended 31 December 2020. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 to 42 of the Guidelines, nor is this statement factually incorrect.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board. The auditors are also not required to consider whether the processes decribed to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board dated 27 April 2021.

Statement of Directors' Responsibility

In Relation to Audited Financial Statements for the Financial Year Ended 31 December 2020

This statement is prepared pursuant to Part 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors is responsible for ensuring that the financial statements for the financial year under reviewed are prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors has ensured that appropriate accounting policies have been consistently applied, take reasonable and prudent judgments and estimates and that all applicable MFRS and IFRS and provisions of the Companies Act 2016 are complied with.

The Directors have also ensured that the Group and the Company have kept proper accounting records which disclose with reasonable accuracy, the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the MFRS, IFRS and the provisions of the Companies Act 2016.

The Directors have also taken such steps as are reasonable to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors on 27 April 2021.

Directors' Report

For The Financial Year Ended 31 December 2020

The directors hereby submit their report and 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 investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year	**(2,825,149)**	**(307,100)**
Attributable to:		
Owners of the Company	**(2,825,149)**	**(307,100)**
Non-controlling interests	**-**	**-**
	(2,825,149)	**(307,100)**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the following items which have been charged to the profit or loss for the financial year under review:

	COMPANY RM
Allowance for expected credit losses on amount due from subsidiaries	**994,038**
Impairment loss on investment in subsidiaries	**1,700,330**

DIVIDENDS

The Company is not in a position to pay any dividend in view of the current year loss and the accumulated losses as at the end of the reporting period.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

Directors' Report

For The Financial Year Ended 31 December 2020

ULTIMATE HOLDING COMPANY

The directors regard Nadicorp Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia as the ultimate holding company.

DIRECTORS

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Directors of the Company:

Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh
Muhammad Adib Bin Ariffin
Woo Kok Boon
Faiz Bin Ishak
Ibrahim Aiman Bin Mohd Nadzmi (appointed on 1.3.2021)

Directors of the subsidiaries:

Ahmad Izwan Bin Ibrahim
Khairuddin Bin Abdul Rahman
Muhammad Hariz Bin Mohd Nadzmi
Melvin Tjahaja Hai Yang
Omar Fakhruddin Bin Mohd Nadzmi
Muhammad Aznan Bin Abdul Rahman (appointed on 25.1.2021)
Hashiza Binti Hassim (resigned on 25.1.2021)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	Balance at 1.1.2020	**Bought**	**Sold**	**Balance at 31.12.2020**
Indirect interest:				
* Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh	26,716,360	-	-	26,716,360

* Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Kumpulan Kenderaan Malaysia Berhad.

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

Directors' Report

For The Financial Year Ended 31 December 2020

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	GROUP AND COMPANY RM
Salaries, bonus and allowance	**368,000**
Defined contribution plans	**43,200**
Fees	**102,000**
	513,200

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

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

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off, and

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

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

(i) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

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

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

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

Directors' Report

For The Financial Year Ended 31 December 2020

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

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

SIGNIFICANT EVENT

The details of the significant event are disclosed in Note 34 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

The details of the events after the reporting period are disclosed in Note 35 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2020 are RM78,500 and RM35,000 respectively.

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

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

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Ibrahim Aiman Bin Mohd Nadzmi	**Muhammad Adib Bin Ariffin**

Penang,

Date: 18 May 2021

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 57 to 118 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2020** and of their financial performance and cash flows for the financial year then ended.

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

Ibrahim Aiman Bin Mohd Nadzmi

Muhammad Adib Bin Ariffin

Date: 18 May 2021

Statutory Declaration

I, **Ismail Bin Ibrahim**, the officer primarily responsible for the financial management of **Transocean Holdings Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 57 to 118 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.

Subscribed and solemnly declared by)
the abovenamed at Penang **18th**)
this day of **May 2021**.)

Ismail Bin Ibrahim

Before me,

Goh Suan Bee
No. P125
Commissioner for Oaths

Independent Auditors' Report to the Members

of Transocean Holdings Bhd.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **Transocean Holdings Bhd.**, which comprise the statements of financial position as at **31 December 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 57 to 118.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2020** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors’ Report to the Members

of Transocean Holdings Bhd.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment of trade receivables *(Note 7 to the financial statements)* The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures. We focus on this area as the assessment of the expected credit losses of trade receivables involves management’s judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.	Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following: • Obtaining an understanding of: - the Group’s internal control over the trade receivables’ collection process; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment of trade receivables. • Reviewing the application of the Group’s policy for calculating the expected credit losses and whether it complies with MFRS 9; • Reviewing the ageing analysis of the trade receivables and testing the reliability thereon; • Reviewing subsequent collections for major customers and overdue amounts; • Making inquiries of management regarding the action plans to recover overdue balances; • Examining other evidence including customer correspondence; and • Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.

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

Independent Auditors' Report to the Members
of Transocean Holdings Bhd.

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.

Directors' responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to 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 misstatements, 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 the financial statements.

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

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

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

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

- Conclude on the appropriateness of 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 and 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 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 identified during our audit.

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

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

Independent Auditors' Report to the Members
of Transocean Holdings Bhd.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

(ii) The financial statements for the preceding year ended 31 December 2019 were audited by **Grant Thornton** whose report dated 17 June 2020, expressed an unqualified opinion on those financial statements. The practice of **Grant Thornton** has merged with **Grant Thornton Malaysia PLT** effective from 1 January 2021.

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Loo Wei Teng
No. 03487/03/2022 J
Chartered Accountant

Penang

Date: 18 May 2021

Statements of Financial Position

as at 31 December 2020

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	30,229,922	31,572,041	28,548,636	27,547,523
Right-of-use assets	5	2,861,495	3,272,202	-	-
Investment in subsidiaries	6	-	-	10,396,261	12,096,591
Trade receivables	7	1,405,797	-	-	-
		34,497,214	34,844,243	38,944,897	39,644,114
Current assets					
Inventories	8	209,969	172,735	-	-
Trade receivables	7	3,308,483	6,461,488	-	-
Contract assets	9	169,074	22,730	-	-
Other receivables, deposits and prepayments	10	681,062	1,314,222	46,680	119,698
Amount due from subsidiaries	11	-	-	1,752,940	2,853,966
Amount due from holding company	12	-	2,385,229	-	141,486
Current tax assets		542,232	954,688	42,807	101,705
Fixed deposits with a licensed bank	13	9,827	9,834	-	-
Cash and bank balances	14	2,442,035	451,815	359,687	28,716
		7,362,682	11,772,741	2,202,114	3,245,571
TOTAL ASSETS		41,859,896	46,616,984	41,147,011	42,889,685
EQUITY AND LIABILITIES					
Share capital	15	40,998,550	40,998,550	40,998,550	40,998,550
Other reserves	16	11,171,161	10,864,840	10,714,836	10,392,682
Accumulated losses		(18,110,740)	(15,503,961)	(19,766,696)	(19,677,966)
		34,058,971	36,359,429	31,946,690	31,713,266
Non-controlling interests		920	920	-	-
Total equity		34,059,891	36,360,349	31,946,690	31,713,266
Non-current liabilities					
Deferred tax liabilities	17	1,865,006	1,366,897	1,967,205	1,469,096
Lease liabilities	5	887,797	1,258,158	-	-
Borrowings	18	-	132,686	-	-
		2,752,803	2,757,741	1,967,205	1,469,096
Current liabilities					
Trade payables	19	1,869,901	2,452,117	-	-
Other payables and accruals	20	1,923,143	3,227,774	440,097	2,041,299
Lease liabilities	5	516,820	455,471	-	-
Borrowings	18	737,338	1,346,144	-	-
Amount due to subsidiaries	11	-	-	6,793,019	7,666,024
Current tax liabilities		-	17,388	-	-
		5,047,202	7,498,894	7,233,116	9,707,323
Total liabilities		7,800,005	10,256,635	9,200,321	11,176,419
TOTAL EQUITY AND LIABILITIES		41,859,896	46,616,984	41,147,011	42,889,685

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

Statements of Comprehensive Income

for the financial year ended 31 December 2020

		GROUP		COMPANY	
	NOTE	**2020 RM**	2019 RM	**2020 RM**	2019 RM
Revenue	21	**16,991,694**	19,981,622	**4,495,719**	1,338,000
Other income	22	**1,238,022**	315,516	**5,140**	18,772
Cost of inventories consumed		**(2,861,011)**	(4,215,177)	**-**	-
Crane and forklift charges		**(1,581,144)**	(1,017,894)	**-**	-
Depreciation of property, plant and equipment		**(2,600,974)**	(1,306,152)	**(242,997)**	(250,584)
Depreciation of right-of-use assets		**(583,206)**	(274,128)	**-**	-
Allowance for expected credit losses on receivables					
- additions		**(36,914)**	(300,255)	**(994,038)**	(469,591)
- reversal		**284,491**	-	**-**	-
Employee benefits expense	23	**(6,049,256)**	(6,352,352)	**(943,676)**	(726,645)
Fuel and freight expenses		**(2,164,598)**	(2,704,430)	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**(1,700,330)**	(637,748)
Levies		**(888,328)**	(921,329)	**-**	-
Repairs and maintenance of premises		**(131,111)**	(200,903)	**(69,715)**	(74,341)
Repairs and maintenance of motor vehicles		**(1,039,277)**	(858,499)	**-**	-
Expenses relating to short-term leases		**(187,384)**	(830,901)	**-**	-
Expenses relating to lease of low-value assets		**(42,051)**	(41,922)	**-**	-
Other operating expenses		**(2,570,261)**	(6,402,504)	**(1,013,895)**	(831,116)
Operating loss		**(2,221,308)**	(5,129,308)	**(463,792)**	(1,633,253)
Finance costs	25	**(255,596)**	(229,645)	**-**	(3,925)
Loss before tax	26	**(2,476,904)**	(5,358,953)	**(463,792)**	(1,637,178)
Tax (expense)/income	27	**(348,245)**	(248,200)	**156,692**	(10,014)
Loss for the financial year		**(2,825,149)**	(5,607,153)	**(307,100)**	(1,647,192)
Other comprehensive (loss)/ income, net of tax					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**(15,833)**	27,185	**-**	-
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of freehold land and buildings, net		**540,524**	-	**540,524**	-
Transfer of revaluation surplus to retained profits		**218,370**	-	**218,370**	-
Realisation of revaluation surplus upon depreciation		**(218,370)**	-	**(218,370)**	-
Total comprehensive (loss)/ income for the financial year		**(2,300,458)**	(5,579,968)	**233,424**	(1,647,192)
(Loss)/Profit attributable to:					
Owners of the Company		**(2,825,149)**	(5,606,847)	**(307,100)**	1,647,192
Non-controlling interests		**-**	(306)	**-**	-
		(2,825,149)	(5,607,153)	**(307,100)**	1,647,192
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(2,300,458)**	(5,579,662)	**233,424**	(1,647,192)
Non-controlling interests		**-**	(306)	**-**	-
		(2,300,458)	(5,579,968)	**233,424**	(1,647,192)
Loss per share attributable to owners of the Company (sen)					
- Basic/Diluted	28	**(6.89)**	(13.68)		

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

	Attributable to Owners of the Company					
	Share Capital RM	Non-distributable **Other Reserves RM**	**Accumulated Losses RM**	**Total RM**	**Non-controlling Interests RM**	**Total Equity RM**
2020						
Balance at beginning	**40,998,550**	**10,864,840**	**(15,503,961)**	**36,359,429**	**920**	**36,360,349**
Total comprehensive loss for the financial year	**-**	**306,321**	**(2,606,779)**	**(2,300,458)**	**-**	**(2,300,458)**
Balance at end	**40,998,550**	**11,171,161**	**(18,110,740)**	**34,058,971**	**920**	**34,059,891**
2019						
Balance at beginning	40,998,550	10,837,655	(9,897,114)	41,939,091	1,226	41,940,317
Total comprehensive loss for the financial year	-	27,185	(5,606,847)	(5,579,662)	(306)	(5,579,968)
Balance at end	40,998,550	10,864,840	(15,503,961)	36,359,429	920	36,360,349

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

Statement of Changes in Equity

for the financial year ended 31 December 2020

	Share Capital RM	Non-distributable Other Reserves RM	Accumulated Losses RM	Total Equity RM
2020				
Balance at beginning	**40,998,550**	**10,392,682**	**(19,677,966)**	**31,713,266**
Total comprehensive income for the financial year	**-**	**322,154**	**(88,730)**	**233,424**
Balance at end	**40,998,550**	**10,714,836**	**(19,766,696)**	**31,946,690**
2019				
Balance at beginning	40,998,550	10,392,682	(18,030,774)	33,360,458
Total comprehensive loss for the financial year	-	-	(1,647,192)	(1,647,192)
Balance at end	40,998,550	10,392,682	(19,677,966)	31,713,266

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

Statements of Cash Flows

for the financial year ended 31 December 2020

	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	**(2,476,904)**	(5,358,953)	**(463,792)**	(1,637,178)
Adjustments for:				
Accretion of interest on lease liabilities	**172,384**	68,584	**-**	-
Allowance for expected credit losses on receivables				
- additions	**36,914**	300,255	**994,038**	469,591
- reversal	**(284,491)**	-	**-**	-
Bad debts	**-**	36,400	**-**	-
Debts waived by creditors	**-**	(1,794)	**-**	-
Depreciation of property, plant and equipment	**2,600,974**	1,306,152	**242,997**	250,584
Depreciation of right-of-use assets	**583,206**	274,128	**-**	-
Gain on disposal of property, plant and equipment	**(66,866)**	(127,968)	**-**	(2,710)
Impairment loss on goodwill on consolidation	**-**	4,002,300	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**1,700,330**	637,748
Interest expense	**83,212**	161,061	**-**	3,925
Interest income	**-**	(16,151)	**-**	(16,062)
Rent concessions	**(78,723)**	-	**-**	-
Operating profit/(loss) before working capital changes	**569,706**	644,014	**2,473,573**	(294,102)
Changes in:				
Inventories	**(37,234)**	215,470	**-**	-
Receivables	**2,627,891**	124,789	**73,018**	(90,194)
Contract assets	**(146,344)**	21,056	**-**	-
Payables	**(1,886,934)**	215,219	**(1,601,202)**	(59,285)
Cash generated from/(used in) operations	**1,127,085**	1,220,548	**945,389**	(443,581)
Income tax paid	**(234,023)**	(422,430)	**(23,332)**	(23,331)
Income tax refunded	**75,369**	194,917	**33,445**	46,663
Interest received	**-**	16,151	**-**	16,062
Interest paid	**(83,212)**	(161,061)	**-**	(3,925)
Net cash from/(used in) operating activities	**885,219**	848,125	**955,502**	(408,112)
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed deposits pledged to a licensed bank	**-**	(119)	**-**	-
Net change in holding company's balances	**2,385,229**	(1,086,258)	**141,486**	(141,486)
Net change in subsidiaries' balances	**-**	-	**106,988**	93,809
Purchase of property, plant and equipment	**(14,747)**	(27,168)	**-**	-
Purchase of investment	**-**	-	**-**	(2,984,658)
Proceeds from disposal of property, plant and equipment	**66,868**	595,461	**-**	13,550
Net cash from/(used in) investing activities	**2,437,350**	(518,084)	**248,474**	(3,018,785)
Balance carried forward	**3,322,569**	330,041	**1,203,976**	(3,426,897)

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 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Balance brought forward		**3,322,569**	330,041	**1,203,976**	(3,426,897)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net change in holding company's balance	A	**-**	(465,419)	**-**	(465,419)
Net change in subsidiaries' balances	A	**-**	-	**(873,005)**	3,936,917
Repayment of lease liabilities	A	**(575,024)**	(248,641)	**-**	-
Repayment of term loan	A	**-**	(61,075)	**-**	(61,075)
Repayment of finance lease liabilities	A	**(359,170)**	(718,208)	**-**	-
Net cash (used in)/from financing activities		**(934,194)**	(1,493,343)	**(873,005)**	3,410,423
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,388,375**	(1,163,302)	**330,971**	(16,474)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(15,833)**	27,185	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING		**(535,182)**	600,935	**28,716**	45,190
CASH AND CASH EQUIVALENTS AT END		**1,837,360**	(535,182)	**359,687**	28,716
Represented by:					
Fixed deposits with a licensed bank		**9,827**	9,834	**-**	-
Cash and bank balances		**2,442,035**	451,815	**359,687**	28,716
Bank overdrafts		**(604,675)**	(986,997)	**-**	-
		1,847,187	(525,348)	**359,687**	28,716
Less: Fixed deposits pledged with a licensed bank		**(9,827)**	(9,834)	**-**	-
		1,837,360	(535,182)	**359,687**	28,716

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

Statements of Cash Flows
for the financial year ended 31 December 2020

A. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Others RM	Balance at end RM
GROUP				
2020				
Lease liabilities	**1,713,629**	**(575,024)**	**266,012**	**1,404,617**
Borrowings excluding bank overdrafts	**491,833**	**(359,170)**	**-**	**132,663**
Total liabilities arising from financing activities	**2,205,462**	**(934,194)**	**266,012** [1]	**1,537,280**
2019				
Amount due to holding company	465,419	(465,419)	-	-
Lease liabilities	1,891,784	(248,641)	70,486	1,713,629
Borrowings excluding bank overdrafts	1,271,116	(779,283)	-	491,833
Total liabilities arising from financing activities	3,628,319	(1,493,343)	70,486 [1]	2,205,462
COMPANY				
2020				
Amount due to subsidiaries, representing total liabilities arising from financing activities	**7,666,024**	**(873,005)**	**-**	**6,793,019**
2019				
Amount due to holding company	465,419	(465,419)	-	-
Amount due to subsidiaries	3,729,107	3,936,917	-	7,666,024
Borrowings	61,075	(61,075)	-	-
Total liabilities arising from financing activities	4,255,601	3,410,423	-	7,666,024

[1] Others consist of non-cash movement as follows:

	GROUP	
	2020 RM	2019 RM
Accretion of interest	**172,384**	68,584
Addition of lease liabilities	**172,487**	-
Rent concessions	**(78,723)**	-
Foreign currency translation	**(136)**	1,902
	266,012	70,486

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

Notes to the Financial Statements

31 December 2020

1. CORPORATE INFORMATION

General

The Company is a public limited 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 No. 31, Jalan Bukit Angkat, Kawasan Perusahaan Bukit Angkat, 43000 Kajang, Selangor, Malaysia.

The directors regard Nadicorp Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia as the ultimate holding company.

The principal place of business of the Company is located at Lot 2955, 2956 & 2957, Jalan Perusahaan Sungai Lokan 3, Kawasan Perusahaan Sungai Lokan, 13400 Butterworth, Penang, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 May 2021.

Principal Activities

The principal activities of the Company are investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies as set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

2. **BASIS OF PREPARATION (cont'd)**

2.2 **Basis of Measurement (cont'd)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 **Functional and Presentation Currency**

Ringgit Malaysia is the presentation currency of the Group and of the Company.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

2.4 **Adoption of Amendments to MFRS**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform

Notes to the Financial Statements

31 December 2020

2. **BASIS OF PREPARATION (cont'd)**

2.4 **Adoption of Amendments to MFRS (cont'd)**

Effective for annual periods beginning on or after 1 June 2020
Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Initial application for the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption except as mentioned below:

Amendment to MFRS 16 Leases: Covid-19 – Related Rent Concessions

During the financial year, the Group and the Company have early adopted Amendment to MFRS 16 Leases: Covid-19 – Related Rent Concessions which is effective for annual periods beginning on or after 1 June 2020. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concession occurring 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. It applies to COVID-19 related rent concessions that reduce lease payments due on or before 30 June 2021.

The early adoption of Amendment to MFRS 16 Leases: Covid-19 – Related Rent Concessions had resulted rent concessions amounted to RM78,723 recognised in the profit or loss of the Group during the financial year.

2.5 **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2021
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 April 2021
Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

2. **BASIS OF PREPARATION (cont'd)**

2.5 **Standards Issued But Not Yet Effective (cont'd)**

Effective date yet to be confirmed

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

Initial application for the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption.

2.6 **Significant Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 **Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has not included the extension options period as part of the lease term for lease of office premise and motor vehicles as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the Financial Statements

31 December 2020

2. **BASIS OF PREPARATION (cont'd)**

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.2 **Key sources of estimation uncertainty**

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

(i) **Revaluation of property, plant and equipment**

The Group and the Company measure its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group and the Company engaged independent valuation specialists to determine fair value as at the end of reporting period.

The carrying amount of the land and buildings as at the end of reporting period and the relevant revaluation bases and fair value, are disclosed in Note 4 to the financial statements.

(ii) **Provision for expected credit losses of receivables**

The Group uses a provision matrix to calculate expected credit losses for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

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

The information about the ECL on the Company's trade receivables is disclosed in Note 31.3.1 to the financial statements.

(iii) **Impairment in investment in subsidiaries**

Investment in subsidiaries is tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investment in subsidiaries based on the fair value less cost to sell which approximates the extent of the net assets held by the subsidiaries at the end of the reporting period. If the recoverable amount of the investment in a subsidiary is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries. An impairment loss of **RM1,700,330** (2019: RM637,748) is recognised in profit or loss to write down subsidiaries to its recoverable amount.

2. **BASIS OF PREPARATION (cont'd)**

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.2 **Key sources of estimation uncertainty (cont'd)**

(iv) **Leases - Estimating the incremental borrowing rate**

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

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 **Consolidation**

(i) ***Subsidiaries***

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

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

(ii) ***Basis of consolidation***

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

Notes to the Financial Statements

31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.1 **Consolidation (cont'd)**

(ii) ***Basis of consolidation (cont'd)***

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.12 to the financial statements.

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

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

(iii) ***Business combinations***

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to recognise non-controlling interests in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iv) ***Acquisitions of non-controlling interests***

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

3. **ACCOUNTING POLICIES (cont'd)**

3.1 **Consolidation (cont'd)**

(v) ***Loss of control***

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) ***Non-controlling interests***

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) ***Transactions eliminated on consolidation***

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

3.2 **Property, Plant and Equipment**

All property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and any impairment losses after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

Notes to the Financial Statements
31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.2 **Property, Plant and Equipment (cont'd)**

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful lives, at the following annual rates:

Buildings	2% - 10%
Warehouse machinery and equipment	10% - 20%
Office renovation	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	14.28%

Freehold land with an infinite life is not depreciated.

During the financial year, the Group reviewed the estimated useful lives of the motor vehicles and revised the depreciation rates so as to reflect the expected pattern of consumption of the future economic benefits embodied to the motor vehicles. The depreciation rates are as follows:

	New rate	Old rate
Motor vehicles	14.28%	10%

The effect of the above revision is an increase of current depreciation charge by RM1,371,346 and the loss for the financial year is increased by the same amount.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3. **ACCOUNTING POLICIES (cont'd)**

3.3 **Leases**

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

3.3.1 **Group as lessee**

The Group apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land	Amortise over lease period of 30 years
Office premise	4 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

Notes to the Financial Statements

31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.3 **Leases (cont'd)**

3.3.1 **Group as lessee (cont'd)**

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.3.2 **Group as lessor**

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the revenue or other income in the statements of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

3.4 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. **ACCOUNTING POLICIES (cont'd)**

3.5 **Inventories**

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

Cost of raw material and consumables comprises the cost of purchase and incidental costs incurred in bringing the raw materials to its present condition and location and is determined using the weighted average method.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and attributable production overheads.

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

3.6 **Financial Instruments**

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

3.6.1 **Financial assets**

(i) **Initial recognition and measurement**

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

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

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

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

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

Notes to the Financial Statements
31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.1 **Financial assets (cont'd)**

(ii) **Subsequent measurement**

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

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

The Group and the Company do not have any FVOCI and FVTPL as at the end of the reporting period.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include cash and cash equivalents, amount due from subsidiaries and holding company and trade and other receivables.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

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

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

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

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.1 **Financial assets (cont'd)**

(iv) **Impairment**

The Group and the Company recognise an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

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

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

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

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

Notes to the Financial Statements

31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.2 **Financial liabilities**

(i) **Initial recognition and measurement**

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

The Group's and the Company's financial liabilities include trade and other payables and amount due to subsidiaries and borrowings.

(ii) **Subsequent measurement**

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

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

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables, amount due to subsidiaries and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

(iii) **Derecognition**

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

3.6.3 **Offsetting of financial instruments**

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

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.4 **Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.7 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.8 **Provisions**

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.9 **Income Recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Logistic services**

Logistic services is recognised over the time as the customers simultaneously receive and consume the benefits provided by the Group as the Group performs.

(ii) **Custom brokerage**

Custom brokerage includes custom clearance, import and export documentation and handling charges. Revenue from custom brokerage is recognised at a point in time when these services are fully rendered.

Notes to the Financial Statements
31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.9 **Income Recognition (cont'd)**

(iii) **Sale of goods**

Revenue from sale of tyres is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the tyres.

(iv) **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(v) **Management fee income**

Management fee is recognised when services are rendered.

(vi) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vii) **Dividend income**

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

(viii) **Contract balances**

This refers to the closing balances of the trade receivables and contract assets at the end of the reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recorded when the revenue is recognised prior to invoicing a customer. Contract asset will be reclassified to trade receivables when the invoicing are issued to the customer. Contract assets are subject to impairment assessment.

3.10 **Borrowing Costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

3. **ACCOUNTING POLICIES (cont'd)**

3.11 **Employee Benefits**

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Group's foreign subsidiary makes contribution to its country's statutory pension scheme. Such contributions are recognised as an expense as incurred.

3.12 **Income Tax**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 years.

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for land and buildings carried at revaluation model. Where land and buildings are carried at their fair value in accordance with the accounting policy set out in Note 3.2 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the land and building is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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

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

Notes to the Financial Statements

31 December 2020

3. **ACCOUNTING POLICIES (cont'd)**

3.13 **Goods and Services Tax ("GST") and Sales and Service Tax ("SST")**

Revenue, expenses and assets are recognised net of GST or SST except:

- where the GST or SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST or SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST or SST inclusive.

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

3.14 **Foreign Currency**

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Exchange differences are recognised in other comprehensive income and accumulated in the foreign translation reserve ("FTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group dispose of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. **ACCOUNTING POLICIES (cont'd)**

3.14 **Foreign Currency (cont'd)**

Foreign operations (cont'd)

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, and are presented in the FTR in equity.

3.15 **Share Capital, Share Issuance Costs and Dividends**

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

3.16 **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 **Contingencies**

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

3.18 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group or of its ultimate holding company.

Notes to the Financial Statements

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3. **ACCOUNTING POLICIES (cont'd)**

3.18 **Related Parties (cont'd)**

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group,

(ii) One entity is an associate or joint venture of the other entity,

(iii) Both entities are joint ventures of the same third party,

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,

(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group,

(vi) The entity is controlled or jointly-controlled by a person identified in (a) above,

(vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of its ultimate holding company, and

(viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At valuation		At cost				
	Freehold land RM	**Buildings RM**	**Warehouse machinery and equipment RM**	**Office renovation RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Total RM**
2020							
At valuation/cost							
Balance at beginning	**17,000,000**	**11,478,829**	**1,525,457**	**744,356**	**786,571**	**13,814,244**	**45,349,457**
Additions	**-**	**-**	**-**	**-**	**14,747**	**-**	**14,747**
Disposals	**-**	**-**	**(25,480)**	**-**	**(50,618)**	**(112,269)**	**(188,367)**
Revaluation gain/(loss)	**500,000**	**(478,829)**	**-**	**-**	**-**	**-**	**21,171**
Written off	**-**	**-**	**-**	**-**	**(52,863)**	**-**	**(52,863)**
Balance at end	**17,500,000**	**11,000,000**	**1,499,977**	**744,356**	**697,837**	**13,701,975**	**45,144,145**
Accumulated depreciation							
Balance at beginning	**-**	**993,362**	**1,391,648**	**688,415**	**723,596**	**9,980,395**	**13,777,416**
Current charge	**-**	**229,577**	**18,453**	**18,670**	**30,249**	**2,304,025**	**2,600,974**
Disposals	**-**	**-**	**(25,480)**	**-**	**(50,618)**	**(112,267)**	**(188,365)**
Written off	**-**	**-**	**-**	**-**	**(52,863)**	**-**	**(52,863)**
Elimination of accumulated depreciation on revaluation	**-**	**(1,222,939)**	**-**	**-**	**-**	**-**	**(1,222,939)**
Balance at end	**-**	**-**	**1,384,621**	**707,085**	**650,364**	**12,172,153**	**14,914,223**
Carrying amount	**17,500,000**	**11,000,000**	**115,356**	**37,271**	**47,473**	**1,529,822**	**30,229,922**
2019							
At valuation/cost							
Balance at beginning	17,000,000	11,478,829	1,887,257	744,356	788,410	16,416,119	48,314,971
Additions	-	-	18,200	-	8,968	-	27,168
Disposals	-	-	(380,000)	-	(10,807)	(2,601,875)	(2,992,682)
Balance at end	17,000,000	11,478,829	1,525,457	744,356	786,571	13,814,244	45,349,457
Accumulated depreciation							
Balance at beginning	-	763,785	1,753,193	669,745	690,027	11,119,703	14,996,453
Current charge	-	229,577	18,454	18,670	37,381	1,002,070	1,306,152
Disposals	-	-	(379,999)	-	(3,812)	(2,141,378)	(2,525,189)
Balance at end	-	993,362	1,391,648	688,415	723,596	9,980,395	13,777,416
Carrying amount	17,000,000	10,485,467	133,809	55,941	62,975	3,833,849	31,572,041

Notes to the Financial Statements

31 December 2020

4. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

COMPANY

	At valuation		At cost			
	Freehold land RM	**Buildings RM**	**Office renovation RM**	**Furniture, fittings and equipment RM**	**Motor vehicle RM**	**Total RM**
2020						
At valuation/cost						
Balance at beginning	**17,000,000**	**11,478,829**	**150,438**	**142,195**	**-**	**28,771,462**
Revaluation gain/ (loss)	**500,000**	**(478,829)**	**-**	**-**	**-**	**21,171**
Balance at end	**17,500,000**	**11,000,000**	**150,438**	**142,195**	**-**	**28,792,633**
Accumulated depreciation						
Balance at beginning	**-**	**993,362**	**88,383**	**142,194**	**-**	**1,223,939**
Current charge	**-**	**229,577**	**13,420**	**-**	**-**	**242,997**
Elimination of accumulated depreciation on revaluation	**-**	**(1,222,939)**	**-**	**-**	**-**	**(1,222,939)**
Balance at end	**-**	**-**	**101,803**	**142,194**	**-**	**243,997**
Carrying amount	**17,500,000**	**11,000,000**	**48,635**	**1**	**-**	**28,548,636**
2019						
At valuation/cost						
Balance at beginning	17,000,000	11,478,829	150,438	142,195	88,703	28,860,165
Disposal	-	-	-	-	(88,703)	(88,703)
Balance at end	17,000,000	11,478,829	150,438	142,195	-	28,771,462
Accumulated depreciation						
Balance at beginning	-	763,785	74,963	140,028	72,442	1,051,218
Current charge	-	229,577	13,420	2,166	5,421	250,584
Disposal	-	-	-	-	(77,863)	(77,863)
Balance at end	-	993,362	88,383	142,194	-	1,223,939
Carrying amount	17,000,000	10,485,467	62,055	1	-	27,547,523

4. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

(i) The freehold land and buildings were revalued to fair value based on the valuations performed by independent professional valuer using the replacement cost approach. Had the freehold land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:

	Freehold land RM	Buildings RM	Total RM
GROUP AND COMPANY			
2020			
At cost	**7,500,000**	**14,421,374**	**21,921,374**
Accumulated depreciation	**-**	**(6,200,466)**	**(6,200,466)**
Carrying amount	**7,500,000**	**8,220,908**	**15,720,908**
2019			
At cost	7,500,000	14,421,374	21,921,374
Accumulated depreciation	-	(5,912,039)	(5,912,039)
Carrying amount	7,500,000	8,509,335	16,009,335

The fair value measurement of the freehold land and buildings is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
GROUP AND COMPANY			
Freehold land	-	17,500,000	-
Buildings	-	-	11,000,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1, that are observable for the freehold land, either directly or indirectly.

Level 2 fair value of freehold land has been generally derived using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties (Please refer to Note 2.2 for definition of Level 1 to 3 fair value hierarchy).

Notes to the Financial Statements

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4. **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the buildings. The buildings have been derived using replacement cost approach, i.e. the cost to replace a similar building giving equivalent utility at current construction costs, including the finance charges, professional fees, builder's profit and overheads and other incidental expenses. This cost will be based on a similar building erected according to present day materials, construction technology standards, design and layout.

The depreciation value of the existing building is obtained after making allowance for physical deterioration, functional obsolescence affecting the building, when compared to a new and similar building.

(ii) The carrying amount of freehold land and buildings of the Group and of the Company are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries as disclosed in Note 18 to financial statements.

(iii) Leased assets which are included in the property, plant and equipment of the Group are motor vehicles with carrying amount of **RM648,604** (2019: RM1,396,874), have been pledged as securities for the finance lease liabilities as disclosed in Note 18 to the financial statements.

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Group as a lessee

The Group has lease contracts for office premise and motor vehicles used in its operations that have lease terms of between 2 to 4 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of premises and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

GROUP

Right-of-use assets

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

	Land RM	Office premise RM	Motor vehicles RM	Total RM
2020				
Balance at beginning	**1,600,310**	**1,505,440**	**166,452**	**3,272,202**
Addition	**-**	**-**	**172,487**	**172,487**
Depreciation	**(52,381)**	**(402,237)**	**(128,588)**	**(583,206)**
Foreign currency translation	**-**	**206**	**(194)**	**12**
Balance at end	**1,547,929**	**1,103,409**	**210,157**	**2,861,495**

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)**

GROUP (cont'd)

Right-of-use assets (cont'd)

	Land RM	Office premise RM	Motor vehicles RM	Total RM
2019				
Balance at beginning	1,652,690	1,604,020	287,764	3,544,474
Depreciation	(52,380)	(100,251)	(121,497)	(274,128)
Foreign currency translation	-	1,671	185	1,856
Balance at end	1,600,310	1,505,440	166,452	3,272,202

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	GROUP	
	2020 RM	2019 RM
Balance at beginning	**1,713,629**	1,891,784
Addition	**172,487**	-
Accretion of interest	**172,384**	68,584
Payments	**(575,024)**	(248,641)
Rent concessions *	**(78,723)**	-
Foreign currency translation	**(136)**	1,902
Balance at end	**1,404,617**	1,713,629
Analysed as:		
Current	**516,820**	455,471
Non-current	**887,797**	1,258,158
Balance at end	**1,404,617**	1,713,629

* Rent concessions is in relation to the rental expenses waived by the landlord during the financial year.

The maturity analysis of lease liabilities is disclosed in Note 31.4 to the financial statements.

Notes to the Financial Statements

31 December 2020

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)**

GROUP (cont'd)

Lease liabilities (cont'd)

The following amounts are recognised in profit or loss:

	2020 RM	2019 RM
Depreciation of right-of-use assets	**583,206**	274,128
Accretion of interest on lease liabilities	**172,384**	68,584
Rent concessions	**(78,723)**	-
Expenses relating to short-term leases	**187,384**	830,901
Expenses relating to lease of low-value assets	**42,051**	41,922
Total amount recognised in profit or loss	**906,302**	1,215,535

6. **INVESTMENT IN SUBSIDIARIES**

	COMPANY 2020 RM	 2019 RM
Unquoted shares, at cost	**19,592,056**	19,592,056
Less : Accumulated impairment losses		
Balance at beginning	**(7,495,465)**	(6,857,717)
Current year	**(1,700,330)**	(637,748)
Balance at end	**(9,195,795)**	(7,495,465)
	10,396,261	12,096,591

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

Details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated, are as follows:

Name of subsidiaries	Effective equity interest 2020 %	2019 %	Principal activities
Transocean (M) Sdn. Bhd.	**100**	100	Investment holding.
Transocean Distribution Hub Sdn. Bhd.	**100**	100	Provision of warehousing and trucking related services.
Usmeta Manufacturing Sdn. Bhd.	**100**	100	Manufacturing and trading of tyres.
Gerak Intensif Sdn. Bhd.	**100**	100	Provision of container haulage services.
Transocean Freight Express Sdn. Bhd.	**100**	100	Investment holding.
* TFS Logistics Pte Ltd. (Incorporated in Singapore)	**100**	100	Provision of freight forwarding and trucking related services.
Transocean Logistics Sdn. Bhd.	**100**	100	Provision of custom brokerage, freight forwarding, trucking, international air and ocean freight services.
Indirect - held through Transocean (M) Sdn. Bhd			
Speedload Transport (KL) Sdn. Bhd.	**100**	100	Temporarily ceased operations.
Indirect - held through Transocean Freight Express Sdn. Bhd.			
Transocean Haulage Services Sdn. Bhd.	**65**	65	Temporarily ceased operations.

* *Not audited by Grant Thornton Malaysia PLT*

During the financial year, the management has carried out a review of the recoverable amount of investment in subsidiaries and made the necessary impairment amounting to **RM1,700,330** (2019: RM637,748) as the recoverable amount is less than their carrying amount.

6.1 **Subsidiary with material non-controlling interests**

Summarised financial information of non-controlling interests has not been included as the non-controlling interests of the subsidiary are not individually material to the Group.

Notes to the Financial Statements

31 December 2020

7. TRADE RECEIVABLES

	GROUP	
	2020	2019
	RM	RM
Non-current		
Related parties		
- interest bearing at **5%** (2019: Nil) per annum	**1,405,797**	-
Current		
Third parties		
- non-interest bearing	**3,806,007**	4,464,439
Related parties		
- interest bearing at **5%** (2019: Nil) per annum	**281,189**	3,023,339
	4,087,196	7,487,778
Less: Allowance for expected credit losses		
Balance at beginning	**1,026,290**	726,035
Current year	**36,914**	300,255
Reversal	**(284,491)**	-
Balance at end	**(778,713)**	(1,026,290)
	3,308,483	6,461,488
Total trade receivables	**4,714,280**	6,461,488

The currency profile of trade receivables is as follows:

	GROUP	
	2020	2019
	RM	RM
Ringgit Malaysia	**4,418,436**	6,036,293
Singapore Dollar	**295,844**	425,195
	4,714,280	6,461,488

The trade receivables are generally on **14 to 75 days** (2019: 14 to 90 days) credit terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

Notes to the Financial Statements

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8. INVENTORIES

	GROUP	
	2020	2019
	RM	RM
At cost:		
Raw materials	**43,741**	39,053
Work-in-progress	**88,411**	55,324
Finished goods	**62,519**	60,668
Consumables	**15,298**	17,690
	209,969	172,735
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	**2,861,011**	4,215,177

9. CONTRACT ASSETS

	GROUP	
	2020	2019
	RM	RM
Balance at beginning	**22,730**	43,786
Revenue recognised during the year	**169,074**	22,730
Billings during the year	**(22,730)**	(43,786)
Balance at end	**169,074**	22,730

Contract assets primarily relate to the Group's rights to considerations for services rendered but not yet billed as at the end of the reporting period.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Other receivables	**52,359**	459,700	**13,498**	87,860
Deposits	**230,554**	286,294	**7,130**	7,130
Prepayments	**331,492**	482,097	**26,052**	24,708
Staff advances	**21,550**	42,761	**-**	-
GST recoverable	**45,107**	43,370	**-**	-
	681,062	1,314,222	**46,680**	119,698

Notes to the Financial Statements

31 December 2020

10. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)**

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Ringgit Malaysia	**491,871**	1,141,626	**46,680**	119,698
Singapore Dollar	**189,191**	172,596	**-**	-
	681,062	1,314,222	**46,680**	119,698

11. **AMOUNT DUE FROM/TO SUBSIDIARIES**

	COMPANY	
	2020 RM	2019 RM
Due from:		
Total amount	**3,216,569**	3,323,557
Less: Allowance for expected credit losses		
Balance at beginning	**(469,591)**	-
Current charge	**(994,038)**	(469,591)
Balance at end	**(1,463,629)**	(469,591)
	1,752,940	2,853,966

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

	COMPANY	
	2020 RM	2019 RM
Due from:		
Total amount	**6,793,019**	7,666,024

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand.

12. **AMOUNT DUE FROM HOLDING COMPANY**

The amount due from holding company was non-trade related, unsecured and classified based on expected timing of realisation.

13. FIXED DEPOSITS WITH A LICENSED BANK

GROUP

The fixed deposits with a licensed bank is denominated in Singapore Dollar and are pledged as securities for bank guarantee facility granted to a subsidiary. The effective interest rate as at the end of the reporting period is **1.40%** (2019: 1.40%) per annum and **12 months to 18 months** (2019: 12 months to 18 months) respectively.

14. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP		**COMPANY**	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Ringgit Malaysia	**2,321,980**	273,429	**359,687**	28,716
Singapore Dollar	**120,055**	178,386	**-**	-
	2,442,035	451,815	**359,687**	28,716

15. SHARE CAPITAL

	Number of ordinary shares		**Amount**	
	2020	2019	**2020**	2019
Issued and fully paid with no par value	**40,998,550**	40,998,550	**40,998,550**	40,998,550

16. OTHER RESERVES

	GROUP		**COMPANY**	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Foreign currency translation reserve	**456,325**	472,158	**-**	-
Asset revaluation reserve	**10,714,836**	10,392,682	**10,714,836**	10,392,682
	11,171,161	10,864,840	**10,714,836**	10,392,682

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

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16. **OTHER RESERVES (cont'd)**

Asset revaluation reserve

	GROUP AND COMPANY	
	2020	2019
	RM	RM
Balance at beginning	**10,392,682**	10,392,682
Revaluation of freehold land and buildings	**1,244,110**	-
Realisation of revaluation surplus upon depreciation	**(218,370)**	-
Deferred tax impact on revaluation surplus	**(703,586)**	-
Balance at end	**10,714,836**	10,392,682

The asset revaluation reserve represents the surplus net of deferred tax from the revaluation of the Group's and of the Company's freehold land and buildings.

17. **DEFERRED TAX LIABILITIES**

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Balance at beginning	**1,366,897**	1,356,883	**1,469,096**	1,459,082
Recognised in profit or loss	**82,200**	13,213	**82,200**	13,213
Recognised in other comprehensive income	**703,586**	-	**703,586**	-
	2,152,683	1,370,096	**2,254,882**	1,472,295
Over provision in prior year	**(287,677)**	(3,199)	**(287,677)**	(3,199)
Balance at end	**1,865,006**	1,366,897	**1,967,205**	1,469,096

The deferred tax liabilities as at the end of the reporting period are represented by temporary differences arising from:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Property, plant and equipment	**730,410**	961,649	**832,609**	1,063,848
Revaluation surplus	**1,541,527**	877,387	**1,541,527**	877,387
Unused tax losses	**-**	(151,711)	**-**	(151,711)
Unabsorbed capital allowances	**(406,931)**	(320,428)	**(406,931)**	(320,428)
	1,865,006	1,366,897	**1,967,205**	1,469,096

17. **DEFERRED TAX LIABILITIES (cont'd)**

Deferred tax assets

	COMPANY	
	2020	2019
	RM	RM
Balance at beginning	**-**	(75,000)
Recognised in profit or loss	**-**	75,000
Balance at end	**-**	-

18. **BORROWINGS**

	GROUP	
	2020	2019
	RM	RM
Non-current liabilities		
Secured:		
Finance lease liabilities		
Minimum payments:		
Within one year	**136,999**	379,577
More than one year and less than two years	**-**	136,999
	136,999	516,576
Future finance charges	**(4,336)**	(24,743)
	132,663	491,833
Amount due within one year included under current liabilities	**(132,663)**	(359,147)
	-	132,686
Current liabilities		
Secured:		
Bank overdrafts	**604,675**	986,997
Finance lease liabilities	**132,663**	359,147
	737,338	1,346,144
Total borrowings	**737,338**	1,478,830

The borrowings are secured by way of:

(i) Fixed charges over the freehold land and buildings of the Group and of the Company as disclosed in Note 4 to the financial statements;
(ii) Pledge of fixed deposits with a licensed bank of the Group as disclosed in Note 13 to the financial statements;
(iii) Corporate guarantee of the Company; and
(iv) Lease assets as disclosed in Note 4 to the financial statements.

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18. **BORROWINGS (cont'd)**

A summary of the effective interest rates and the maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM
GROUP				
2020				
Bank overdrafts	**7.35 to 8.40**	**604,675**	**604,675**	**-**
Finance lease liabilities	**3.95 to 4.50**	**132,663**	**132,663**	**-**
2019				
Bank overdrafts	8.60 to 9.65	986,997	986,997	-
Finance lease liabilities	3.70 to 4.75	491,833	359,147	132,686

19. **TRADE PAYABLES**

	GROUP	
	2020 RM	2019 RM
Third parties	**1,869,901**	2,422,323
Related parties	**-**	29,794
	1,869,901	2,452,117

The currency profile of trade payables is as follows:

	GROUP	
	2020 RM	2019 RM
Ringgit Malaysia	**1,709,550**	2,386,856
Singapore Dollar	**65,348**	65,261
Thai Baht	**95,003**	-
	1,869,901	2,452,117

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2019: 30 to 90 days) terms.

20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Other payables				
- third parties	**989,269**	994,973	**168,698**	324,284
- related parties	**35,192**	97,265	**-**	-
	1,024,461	1,092,238	**168,698**	324,284
Accruals	**659,334**	448,435	**54,400**	75,102
Deposits received	**85,000**	102,000	**85,000**	85,000
SST payable	**22,349**	28,188	**-**	-
Amount due to directors	**131,999**	1,556,913	**131,999**	1,556,913
	1,923,143	3,227,774	**440,097**	2,041,299

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Ringgit Malaysia	**1,770,679**	3,041,510	**440,097**	2,041,299
Singapore Dollar	**152,464**	186,264	**-**	-
	1,923,143	3,227,774	**440,097**	2,041,299

The amount due to a director is non-trade related, unsecured, non-interest bearing and repayable on demand.

21. REVENUE

21.1 Disaggregated revenue information

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Types of goods or services				
Logistic services	**6,452,919**	10,857,672	**-**	-
Custom brokerage	**5,695,543**	2,824,022	**-**	-
Sale of goods	**3,673,232**	5,789,928	**-**	-
Dividend income	**-**	-	**3,025,719**	-
Rental income	**1,170,000**	510,000	**1,422,000**	1,242,000
Management fee	**-**	-	**48,000**	96,000
Total revenue from contracts with customers	**16,991,694**	19,981,622	**4,495,719**	1,338,000

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21. **REVENUE (cont'd)**

21.1 **Disaggregated revenue information (cont'd)**

	GROUP		COMPANY	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Geographical markets				
Malaysia	**12,850,111**	14,914,297	**1,470,000**	1,338,000
Singapore	**4,141,583**	5,067,325	**3,025,719**	-
Total revenue from contracts with customers	**16,991,694**	19,981,622	**4,495,719**	1,338,000
Timing of revenue recognition				
Revenue recognised at a point in time	**9,368,775**	8,613,950	**3,025,719**	-
Revenue recognised over time	**7,622,919**	11,367,672	**1,470,000**	1,338,000
Total revenue from contracts with customers	**16,991,694**	19,981,622	**4,495,719**	1,338,000

21.2 **Performance obligations**

Performance obligations of respective revenue are disclosed in Note 3.9 to the financial statements.

22. **OTHER INCOME**

	GROUP		COMPANY	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Bad debts recovered	**29,216**	-	**-**	-
Debts waived by creditors	**-**	1,794	**-**	-
Deposit forfeited	**17,000**	-	**-**	-
Gain on disposal of property, plant and equipment	**66,866**	127,968	**-**	2,710
Interest income	**-**	16,151	**-**	16,062
Sundry income	**58,844**	16,885	**5,140**	-
Rental income	**44,343**	110,600	**-**	-
Rental concessions	**78,723**	-	**-**	-
Wages subsidies	**943,030**	42,118	**-**	-
	1,238,022	315,516	**5,140**	18,772

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23. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Salaries, wages, and other staff related expenses	**5,514,540**	5,756,567	**855,619**	650,727
Defined contribution plans	**534,716**	595,785	**88,057**	75,918
	6,049,256	6,352,352	**943,676**	726,645

Included in employee benefits expense of the Group and of the Company is executive directors' remuneration as disclosed in Note 24 to the financial statements.

24. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Directors of the Company:				
Executive:				
- Salaries and allowance	**361,000**	302,000	**361,000**	302,000
- Defined contribution plans	**43,200**	36,000	**43,200**	36,000
	404,200	338,000	**404,200**	338,000
Non-executive:				
- Allowance	**7,000**	4,000	**7,000**	4,000
	411,200	342,000	**411,200**	342,000
Directors of subsidiaries:				
Executive:				
- Salaries, allowance and bonus	**113,723**	145,739	**-**	-
- Defined contribution plans	**21,255**	24,455	**-**	-
	134,978	170,194	**-**	-
Total executive directors' remuneration	**546,178**	512,194	**411,200**	342,000

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25. FINANCE COSTS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Bank overdrafts interest	**61,158**	96,511	**-**	3,925
Finance lease liabilities interest	**20,407**	64,550	**-**	-
Accretion of interest on lease liabilities	**172,384**	68,584	**-**	-
Late payment interest	**1,647**	-	**-**	-
	255,596	229,645	**-**	3,925

26. LOSS BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
After charging:				
Auditors' remuneration				
- Company's auditors:				
- Statutory audit	**78,500**	82,300	**35,000**	35,000
- Other services				
- current year	**20,000**	23,000	**8,000**	11,000
- under provision in prior year	**-**	15,000	**-**	15,000
- Other auditors:				
- Statutory audit	**29,100**	28,859	**-**	-
Bad debts	**-**	36,400	**-**	-
Directors' fees	**102,000**	105,000	**102,000**	105,000
Impairment loss on goodwill on consolidation	**-**	4,002,300	**-**	-
Realised loss on foreign exchange	**64**	3,863	**-**	-

27. **TAX (EXPENSE)/INCOME**

	GROUP		COMPANY	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Statement of comprehensive income:				
Current tax:				
Based on results for the financial year				
- Malaysian income tax	**(34,000)**	(126,996)	**-**	-
- Foreign tax	**-**	(15,423)	**-**	-
	(34,000)	(142,419)	**-**	-
Deferred tax:				
Relating to origination and reversal of temporary differences	**(82,200)**	(88,213)	**(82,200)**	(13,213)
	(116,200)	(230,632)	**(82,200)**	(13,213)
(Under)/Over provision in prior year				
- Current tax	**(519,722)**	(20,767)	**(48,785)**	-
- Deferred tax	**287,677**	3,199	**287,677**	3,199
	(232,045)	(17,568)	**238,892**	3,199
Tax expenses recognised in profit or loss	**(348,245)**	(248,200)	**156,692**	(10,014)
Deferred tax relate to items recognised in other comprehensive income (Note 17)				
Revaluation of freehold land and buildings	**703,586**	-	**703,586**	-

Foreign tax is calculated at the statutory tax rate of **17%** (2019: 17%) on estimated chargeable income for the financial year.

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27. **TAX (EXPENSE)/INCOME (cont'd)**

The reconciliation of tax (expense)/income of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Loss before tax	**(2,476,904)**	(5,358,953)	**(463,792)**	(1,637,178)
Income tax at Malaysian statutory tax rate of 24%	**594,457**	1,286,149	**111,310**	392,923
Effects of different tax rate in other country	**(12,283)**	(19,530)	**-**	-
Income not subject to tax	**-**	25,308	**726,173**	3,855
Expenses not deductible for tax purposes	**(158,494)**	(1,227,716)	**(710,322)**	(409,991)
Deferred tax assets not recognised	**(330,519)**	(403,405)	**-**	-
Utilisation of previously unrecognised unused tax losses	**-**	82,849	**-**	-
Reversal of deferred tax assets on unused tax losses previously recognised	**(248,807)**	-	**(248,807)**	-
Annual cyrstallisation of deferred tax on revaluation	**39,446**	-	**39,446**	-
Foreign tax exemption and enhanced deductions	**-**	25,713	**-**	-
	(116,200)	(230,632)	**(82,200)**	(13,213)
(Under)/Over provision in prior year	**(232,045)**	(17,568)	**238,892**	3,199
	(348,245)	(248,200)	**156,692**	(10,014)

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Unused tax losses	**8,192,383**	7,830,267	**1,036,696**	-
Unabsorbed capital allowances	**8,812,070**	6,700,029	**-**	-
Provisions	**797,338**	857,638	**-**	-
	17,801,791	15,387,934	**1,036,696**	-

27. **TAX (EXPENSE)/INCOME (cont'd)**

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Unused tax losses	**8,900,095**	8,467,281	**1,036,696**	-
Unabsorbed capital allowances	**9,312,245**	8,871,642	**-**	-

The unused tax losses can be carried forward for seven consecutive years of assessment immediately following that year of assessment of which tax losses was incurred and this is effective from year of assessment 2018. However unabsorbed capital allowance can be carried forward indefinitely.

The expiry of the unused tax losses is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Year of assessment 2025	**7,952,413**	7,952,413	**637,014**	-
Year of assessment 2026	**514,868**	514,868	**-**	-
Year of assessment 2027	**432,814**	-	**399,682**	-
	8,900,095	8,467,281	**1,036,696**	-

28. **LOSS PER SHARE**

GROUP

(a) **Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2020	2019
Loss attributable to owners of the Company (RM)	**(2,825,149)**	(5,606,847)
Weighted average number of ordinary shares	**40,998,550**	40,998,550
Basic loss per share (sen)	**(6.89)**	(13.68)

(b) **Diluted loss per share**

The loss per share is not diluted as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

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29. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its holding company, subsidiaries, key management personnel and the following parties:

<u>Related party</u>	<u>Relationship</u>
Badanbas Sdn. Bhd. Cityliner Sdn. Bhd. Plusliner Sdn. Bhd. Puspamara Sdn. Bhd. Syarikat Kenderaan Melayu Kelantan Berhad Transnasional Express Sdn. Bhd.	Companies in which a director of the Company is a controlling shareholder.

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	2020 **RM**	2019 RM
GROUP		
Sales to related parties:		
- Badanbas Sdn. Bhd.	**19,299**	33,392
- Cityliner Sdn. Bhd.	**503,176**	1,178,316
- Plusliner Sdn. Bhd.	**200,645**	332,883
- Puspamara Sdn. Bhd.	**-**	510
- Syarikat Kenderaan Melayu Kelantan Berhad	**39,760**	43,695
- Transnasional Express Sdn. Bhd.	**162,223**	1,640,380
Purchases from related parties:		
- Plusliner Sdn. Bhd.	**13,360**	-
- Cityliner Sdn. Bhd.	**1,770**	-
COMPANY		
Dividend income from a subsidiary		
- TFS Logistic Pte Ltd	**3,025,719**	-
Rental income from subsidiaries:		
- Transocean Logistics Sdn. Bhd.	**144,000**	192,000
- Transocean Distribution Hub Sdn. Bhd.	**-**	432,000
- Gerak Intensif Sdn. Bhd.	**108,000**	108,000
Management fee income from a subsidiary:		
- Usmeta Manufacturing Sdn. Bhd.	**48,000**	96,000

29. **RELATED PARTY DISCLOSURES (cont'd)**

(iii) **Compensation of key management personnel**

There were no transactions with any key management personnel during the year other than key management personnel compensation as disclosed in Note 24 to the financial statements.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

30. **SEGMENTAL 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.

Business segment

The reportable business segments of the Group comprise the following:

Logistic solution	:	Provision of custom brokerage, freight forwarding, trucking, international air and ocean freight services.
Tyre products	:	Manufacturing and trading of tyres.
Investment holdings	:	Investment holding, provision of management services and letting of properties.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment results are 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 segment assets are measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total assets are used to measure the return of assets of each segment.

The total segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Managing Director.

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30. **SEGMENTAL INFORMATION (cont'd)**

Business segment (cont'd)

	Logistic solution RM	Tyres products RM	Investment holdings RM	Elimination RM	Total RM
2020					
Revenue					
External revenues	12,148,461	3,673,233	1,170,000	-	16,991,694
Inter-segments	1,381,777	166,914	3,325,719	(4,874,410)	-
Total revenue	13,530,238	3,840,147	4,495,719	(4,874,410)	16,991,694
Results					
Segment results	1,216,543	186,710	(3,624,511)	-	(2,221,258)
Unallocated expenses					(50)
Operating loss					(2,221,308)
Finance costs					(255,596)
Loss before tax					(2,476,904)
Tax expense					(348,245)
Loss for the financial year					(2,825,149)
Assets					
Segment assets	6,028,788	6,319,303	28,961,712	-	41,309,803
Current tax assets					542,232
Unallocated assets					7,861
Total assets					41,859,896
Liabilities					
Segment liabilities	3,617,074	1,838,558	479,367	-	5,934,999
Deferred tax liabilities					1,865,006
Total liabilities					7,800,005
Other segment information					
Additions to non-current assets	187,234	-	-	-	187,234
Allowance for expected credit losses on receivables					
- additions	36,914	-	-	-	36,914
- reversal	(281,151)	(3,340)	-	-	(284,491)
Depreciation of property, plant and equipment	2,344,465	13,512	242,997	-	2,600,974
Depreciation of right-of-use assets	530,825	52,381	-	-	583,206
Gain on disposal of property, plant and equipment	(66,866)	-	-	-	(66,866)
Rent concessions	(78,723)	-	-	-	(78,723)

30. SEGMENTAL INFORMATION (cont'd)

Business segment (cont'd)

	Logistic solution RM	Tyres products RM	Investment holdings RM	Elimination RM	Total RM
2019					
Revenue					
External revenues	13,681,694	5,789,928	510,000	-	19,981,622
Inter-segments	2,792,960	262,599	828,000	(3,883,559)	-
Total revenue	16,474,654	6,052,527	1,338,000	(3,883,559)	19,981,622
Results					
Segment results	(587,522)	813,501	(5,372,276)	-	(5,146,297)
Interest income					16,151
Unallocated income					838
Operating loss					(5,129,308)
Finance costs					(229,645)
Loss before tax					(5,358,953)
Tax expense					(248,200)
Loss for the financial year					(5,607,153)
Assets					
Segment assets	9,391,081	8,425,881	27,837,423	-	45,654,385
Current tax assets					954,688
Unallocated assets					7,911
Total assets					46,616,984
Liabilities					
Segment liabilities	4,403,446	2,175,011	2,293,893	-	8,872,350
Deferred tax liabilities					1,366,897
Current tax liabilities					17,388
Total liabilites					10,256,635
Other segment information					
Additions to non-current assets	8,968	18,200	-	-	27,168
Allowance for expected credit losses on receivables	300,255	-	-	-	300,255
Bad debts	-	36,400	-	-	36,400
Debts waived by creditors	(1,794)	-	-	-	(1,794)
Depreciation of property, plant and equipment	1,042,055	13,513	250,584	-	1,306,152
Depreciation of right-of-use assets	274,128	-	-	-	274,128
Gain on disposal of property, plant and equipment	(65,259)	(59,999)	(2,710)	-	(127,968)
Impairment loss on goodwill on consolidation	-	-	4,002,300	-	4,002,300

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30. **SEGMENTAL INFORMATION (cont'd)**

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(a) Information about major customers

Total revenue from **1** (2019: 1) major customer which contributed to 10% or more of the Group's revenue amounted to **RM925,103** (2019: RM3,229,176), arising from the tyre products division.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		**Non-current assets**	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Malaysia	**12,850,111**	14,914,297	**33,183,648**	33,172,351
Singapore	**4,141,583**	5,067,325	**1,313,566**	1,671,892
	16,991,694	19,981,622	**34,497,214**	34,844,243

31. **FINANCIAL INSTRUMENTS**

31.1 **Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM	**AC RM**
GROUP		
2020		
Financial assets		
Trade receivables	**4,714,280**	**4,714,280**
Other receivables, refundable deposits and staff advances	**304,463**	**304,463**
Fixed deposits with a licensed bank	**9,827**	**9,827**
Cash and bank balances	**2,442,035**	**2,442,035**
	7,470,605	**7,470,605**
Financial liabilities		
Trade payables	**1,869,901**	**1,869,901**
Other payables and accruals, excluding SST payable	**1,900,794**	**1,900,794**
Borrowings, excluding finance lease liabilities	**604,675**	**604,675**
	4,375,370	**4,375,370**

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

31.1 **Categories of financial instruments (cont'd)**

	Carrying amount RM	AC RM
2019		
Financial assets		
Trade receivables	6,461,488	6,461,488
Other receivables, refundable deposits and staff advances	788,755	788,755
Amount due from holding company	2,385,229	2,385,229
Fixed deposits with a licensed bank	9,834	9,834
Cash and bank balances	451,815	451,815
	10,097,121	10,097,121
Financial liabilities		
Trade payables	2,452,117	2,452,117
Other payables and accruals, excluding SST payable	3,199,586	3,199,586
Borrowings, excluding finance lease liabilties	986,997	986,997
	6,638,700	6,638,700
COMPANY		
2020		
Financial assets		
Other receivables and refundable deposits	**20,628**	**20,628**
Amount due from subsidiaries	**1,752,940**	**1,752,940**
Cash and bank balances	**359,687**	**359,687**
	2,133,255	**2,133,255**
Financial liabilities		
Other payables and accruals	**440,097**	**440,097**
Amount due to subsidiaries	**6,793,019**	**6,793,019**
	7,233,116	**7,233,116**
2019		
Financial assets		
Other receivables and refundable deposits	94,990	94,990
Amount due from subsidiaries	2,853,996	2,853,996
Amount due from ultimate holding company	141,486	141,486
Cash and bank balances	28,716	28,716
	3,119,188	3,119,188
Financial liabilities		
Other payables and accruals	2,041,299	2,041,299
Amount due to subsidiaries	7,666,024	7,666,024
	9,707,323	9,707,323

Notes to the Financial Statements

31 December 2020

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

31.2 **Financial risk management**

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

31.3 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables and advances to its holding company. The Company is exposed to credit risk arising from advances to its holding company and subsidiaries and financial guarantees given to licensed banks for credit facilities granted to a subsidiary.

31.3.1 **Trade receivables**

The Group gives its customers credit terms that range between **14 to 75 days** (2019: 14 to 90 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	Gross RM	Allowance for expected credit losses RM	Net RM
2020			
Not past due	**1,289,112**	**-**	**1,289,112**
1 to 30 days past due	**1,078,696**	**-**	**1,078,696**
31 to 120 days past due	**905,046**	**-**	**905,046**
More than 120 days past due	**1,441,426**	**-**	**1,441,426**
	3,425,168	**-**	**3,425,168**
Impaired	**778,713**	**(778,713)**	**-**
	5,492,993	**(778,713)**	**4,714,280**

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

31.3.1 **Trade receivables (cont'd)**

	Gross RM	Allowance for expected credit losses RM	Net RM
2019			
Not past due	2,136,433	-	2,136,433
1 to 30 days past due	882,856	-	882,856
31 to 120 days past due	776,827	-	776,827
More than 120 days past due	2,665,372	-	2,665,372
	4,325,055	-	4,325,055
Impaired	1,026,290	(1,026,290)	-
	7,487,778	(1,026,290)	6,461,488

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Company. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM3,425,168** (2019: RM4,325,055) that are past due but not impaired at the end of the reporting period as the management is of the view that these past due amounts will be collected in due course.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from **2** (2019: 3) customers representing **20%** (2019: 47%) of the total trade receivables of the Group.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM	**Allowance for expected credit losses RM**	**Net RM**
Group			
2020			
Low risk	**4,714,280**	**-**	**4,714,280**
Individually impaired	**778,713**	**(778,713)**	**-**
	5,492,993	**(778,713)**	**4,714,280**
2019			
Low risk	6,461,488	-	6,461,488
Individually impaired	1,026,290	(1,026,290)	-
	7,487,778	(1,026,290)	6,461,488

Notes to the Financial Statements

31 December 2020

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

31.3.1 **Trade receivables (cont'd)**

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

31.3.2 **Intercompany balances**

The Group and the Company provide advances to its holding company and subsidiaries and monitor the result of the holding company and subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to its holding company and subsidiaries are not recoverable. The Group and the Company do not specifically monitor the ageing of the advances to its holding company and subsidiaries.

31.3.3 **Financial guarantee**

The Company provides unsecured financial guarantee to a licensed bank for banking facilities granted to subsidiaries up to a limit of **RM525,000** (2019: RM525,000). The maximum exposure to credit risk as at the end of the reporting period is **RM470,869** (2019: RM472,688), representing the outstanding banking facilities utilised by the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at the end of the reporting period, there was no indication that the said subsidiary would default on repayment. The directors considered that the fair value of the financial guarantee contract on initial recognition is insignificant.

31.4 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM
GROUP				
2020				
Non-derivative financial liabilities				
Trade payables	**1,869,901**	**1,869,901**	**1,869,901**	**-**
Other payables and accruals, excluding SST payable	**1,900,794**	**1,900,794**	**1,900,794**	**-**
Lease liabilities	**1,404,617**	**1,621,418**	**644,375**	**977,043**
Borrowings	**737,338**	**741,674**	**741,674**	**-**
	5,912,650	**6,133,787**	**5,156,744**	**977,043**
2019				
Non-derivative financial liabilities				
Trade payables	2,452,117	2,452,117	2,452,117	-
Other payables and accruals, excluding SST payable	3,199,586	3,199,586	3,199,586	-
Lease liabilities	1,713,629	2,072,196	618,711	1,453,485
Borrowings	1,478,830	1,503,573	1,366,574	136,999
	8,844,162	9,227,472	7,636,988	1,590,484
COMPANY				
2020				
Non-derivative financial liabilities				
Other payables and accruals	**440,097**	**440,097**	**440,097**	**-**
Amount due to subsidiaries	**6,793,019**	**6,793,019**	**6,793,019**	**-**
Financial guarantees*	**-**	**470,869**	**470,869**	**-**
	7,233,116	**7,703,985**	**7,703,985**	**-**
2019				
Non-derivative financial liabilities				
Other payables and accruals	2,041,299	2,041,299	2,041,299	-
Amount due to subsidiaries	7,666,024	7,666,024	7,666,024	-
Financial guarantee*	-	472,688	472,688	-
	9,707,323	10,180,011	10,180,011	-

* This has been included for illustration purpose only as the related financial guarantee has not crystallised as at end of the reporting period.

Notes to the Financial Statements

31 December 2020

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

31.5 **Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on their carrying amounts as at the end of the reporting period are as follows:

	GROUP	
	2020	2019
	RM	RM
Fixed rate instruments		
Financial assets	**1,696,813**	9,834
Financial liabilities	**132,663**	491,833
Floating rate instruments		
Financial liabilities	**604,675**	986,997

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase/decrease of 50 basis points as at the end of the reporting period would have an insignificant impact to the Group's loss before tax. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31.6 **Foreign currency exchange risk**

The Group and the Company do not have significant foreign currency exchange risk on financial assets and liabilities held in non-functional currency. Therefore, foreign currency risk sensitivity analysis is not presented.

32. **FAIR VALUE MEASUREMENT**

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

33. **CAPITAL MANAGEMENT**

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2020	2019
	RM	RM
Borrowings	**737,338**	1,478,830
Less: Cash and bank balances	**(2,442,035)**	(451,815)
Fixed deposits with a licensed bank	**(9,827)**	(9,834)
Net (cash)/debt	**(1,714,524)**	1,017,181
Total equity	**34,058,971**	36,359,429
Gearing ratio	**N/A [1]**	3%

[1] N/A – Not applicable as net cash position

34. **SIGNIFICANT EVENT**

The World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The Group will continue to focus on optimising capacity and assets utilisation of logistic solution and tyre products divisions while taking measures to control the costs in order to mitigate the adverse consequences arising from this pandemic.

Notes to the Financial Statements

31 December 2020

35. **EVENTS AFTER THE REPORTING PERIOD**

(i) On 14 April 2021, the Company had made an offer to Enfrasys Consulting Sdn. Bhd. ("ECSB") to acquire 400,000 ordinary shares, representing 40% equity interest in Enfrasys Solutions Sdn. Bhd. ("ESSB") for a total purchase consideration of RM20,000,000 to be satisfied by the issuance of 20,000,000 ordinary shares in the Company at an issue price of RM1.00 per ordinary share. ECSB has on the even date accepted the offer.

Following thereto, the Company had entered into a conditional share sale agreement with ECSB on 16 April 2021.

In conjunction with the above acquisition, the Company intends to diversify the Group's business activities into system integration and software engineering works.

(ii) On 15 April 2021, the Company proposed to undertake a private placement of up to 4,099,800 new ordinary shares in the Company at an issue price of RM1.08 per ordinary share ("Proposed Placement I").

On 16 April 2021, the Company proposed to undertake another private placement of up to 4,509,800 new ordinary shares in the Company, representing up to approximately 10% of the issued share capital of the Company taking into consideration the Proposed Placement I ("Proposed Placement II).

The Proposed Placement I has been completed on 27 April 2021.

List of Properties Held
as at 31 December 2020

OWNER	LOCATION	DESCRIPTION	TENURE	LAND AREA (BUILT-UP AREA)	EXISTING USE	AGE	YEAR OF PURCHASE	CARRYING AMOUNT @ 31/12/20 RM'000
1. Transocean Holdings Bhd.	Lot nos. 2955, 2956 & 2957 Geran nos. 66343, 66344 & 66362 Mukim 16 Daerah Seberang Perai Utara Penang	Industrial land with a single storey bonded warehouse annexed with 5-storey office building	Freehold	21,715.00m^2 (12,377.05m^2)	Office and warehouse use	24	1995	28,500
2. Usmeta Manufacturing Sdn. Bhd.	Lot PT 101677, HS (D) 52977 Mukim of Hulu Kinta, Perak and Lot PT 80060, HS (D) 10137 Mukim of Hulu Kinta, Perak	Commercial land with factory building	Leasehold expiring 2 June 2046 and 2 January 2051	12,569.56m^2 and 8,129.00m^2	Factory	12	2006	1,548
TOTAL VALUE								30,048

Analysis of Shareholdings

As at 26 April 2021

Issued Shares	:	RM45,426,334
Class of Equity Securities	:	Ordinary share ("Share")
Voting Rights	:	One vote per Share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 26 APRIL 2021

NO. OF HOLDERS	HOLDINGS	TOTAL SHAREHOLDINGS	%
280	Less than 99	12,698	0.03
135	100 to 1,000	81,451	0.18
984	1,001 to 10,000	2,592,900	5.75
95	10,001 to 100,000	3,029,701	6.72
20	100,001 to less than 5% of issued shares	6,745,340	14.96
5	5% and above of issued shares	32,636,260	72.37
1,519		45,098,350	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 26 APRIL 2021
(without aggregating the securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF SHARES HELD	%
1	KUMPULAN KENDERAAN MALAYSIA BERHAD	12,000,000	26.61
2	LENGKAP SUCI SDN BHD	11,600,360	25.72
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA DYNAMIC GROWTH FUND 7.0 (430341)	3,499,800	7.76
4	KUMPULAN KENDERAAN MALAYSIA BERHAD	3,116,000	6.91
5	EDISI BIMBINGAN SDN BHD	2,420,100	5.37
6	MUHAMMAD NURUL AMIL BIN AB MAJID	1,978,640	4.39
7	LIM HAN WENG	760,700	1.69
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW SOO HIANG	620,000	1.37
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE TAN CHUNG	580,000	1.29
10	ANDREW LIM CHEONG SENG	300,000	0.67
11	TEY ENG JOO	300,000	0.67
12	LIM PENG HOCK	260,000	0.58
13	NIK ALIEZA MELINEE BINTI NIK MOHAMED	254,300	0.56
14	CHEONG PENG PENG	210,100	0.47
15	LEE KHAI AIK	202,100	0.45

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 26 APRIL 2021 (cont'd)
(without aggregating the securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF SHARES HELD	%
16	HO LIH MENG	175,000	0.39
17	TAN AIK CHUAN	170,000	0.38
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LIM WILLIE	150,000	0.33
19	YAP FEI YUN	124,000	0.27
20	THONG POOI SEE	118,100	0.26
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DING SENG HUAT	116,900	0.26
22	CHIN KIN SON	112,500	0.25
23	WONG SWEE YIN	104,900	0.23
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD JOSEPH LEE JING HUE	104,100	0.23
25	CHAN ON	104,000	0.23
26	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR MAH JUN-KIT	100,000	0.22
27	LIM WILLIE	100,000	0.22
28	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD ZAINI BIN A JAMIL (CTS-AZA0012C)	100,000	0.22
29	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOON FOO (CTS-LSF0009C)	100,000	0.22
30	TEW BOON HAN	100,000	0.22

Analysis of Shareholdings

As at 26 April 2021

SUBSTANTIAL SHAREHOLDERS AS AT 26 April 2021
(excluding those who are bare trustees pursuant to Section 130 of the Companies Act, 2016 ("the Act"))

	NO. OF SHARES HELD				
NAME OF SUBSTANTIAL SHAREHOLDERS	**DIRECT INTEREST**	**%**	**INDIRECT INTEREST**	**NOTE**	**%**
Kumpulan Kenderaan Malaysia Berhad ("KKMB")	15,116,000	33.52	11,600,360	1	25.72
Lengkap Suci Sdn Bhd ("LSSB")	11,600,360	25.72			
Maybank Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad For Areca Dynamic Growth Fund 7.0	3,499,800	7.76			
Edisi Bimbingan Sdn Bhd	2,420,100	5.37			
Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh			26,716,360	2	59.24
Trisilco Equity Sdn Bhd			26,716,360	3	59.24
Ibroni Sdn Bhd			26,716,360	3	59.24
Nadi Corporation Sdn Bhd ("NCSB")			26,716,360	4	59.24
Nadicorp Holdings Sdn Bhd ("NHSB")			26,716,360	5	59.24

Notes

1. *Deemed interest pursuant to Section 8 of the Companies Act, 2016 ("the Act") by virtue of its shareholdings held through LSSB.*
2. *Deemed interest pursuant to Section 8 of the Act held through KKMB in the Company.*
3. *Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in NCSB.*
4. *Deemed interest pursuant to Section 8 of the Act by virtue of its 100% shareholdings in NHSB which in turn is the ultimate holding company of KKMB.*
5. *Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in KKMB.*

DIRECTORS' SHAREHOLDINGS (DIRECT & INDIRECT) AS AT 26 APRIL 2021

	NO. OF SHARES HELD				
NAME OF DIRECTORS	**DIRECT INTEREST**	**%**	**INDIRECT INTEREST**	**NOTE**	**%**
Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh	-	-	26,716,360	1	59.24
Muhammad Adib Bin Ariffin	-	-	-		-
Woo Kok Boon	-	-	-		-
Faiz Bin Ishak	-	-	-		-
Ibrahim Aiman Bin Mohd Nadzmi	-	-	-		-

Notes

1. *Deemed interest pursuant to Section 8 of the Act held through KKMB in the Company.*

INTEREST IN THE RELATED CORPORATION

Tan Sri Dr. Mohd Nadzmi Bin Mohd Salleh by virtue of his interest in shares in the Company, is deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office have any interest in shares in its related corporations.

TRANSOCEAN HOLDINGS BHD
(Incorporated in Malaysia) *197701005709 (36747-U)*

No. of Ordinary Shares held	

Proxy Form

*I/We ______________________________ (Full name in capital letters) NRIC/Passport No. ______________________

of ____ (Full address in capital letters and telephone number)

being a member/members of **TRANSOCEAN HOLDINGS BHD** ("the Company") hereby appoint the following person(s):-

First Proxy		
Name	**NRIC/Passport No.**	**No. of Shares or % of shares to be presented**

*and/or failing him/her/them,

Second Proxy		
Name	**NRIC/Passport No.**	**No. of Shares or % of shares to be presented**

or failing him/her/them, the Chairman of the meeting, as *my/our proxy to vote in *my/our name(s) on *my/our behalf at the Forty-third ("43rd") Annual General Meeting of the Company to be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 30 June 2021 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an 'X' in the space provided below how you wish your vote to be casted. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

		First Proxy		**Second Proxy**	
ORDINARY BUSINESS		**For**	**Against**	**For**	**Against**
Resolution 1	To approve the payment of Directors' fees for the financial year ended 31 December 2020.				
Resolution 2	To approve the payment of benefits to Directors under Section 230(1)(b) of the Companies Act 2016.				
Resolution 3	To re-elect Encik Ibrahim Aiman Bin Mohd Nadzmi as Director of the Company.				
Resolution 4	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors.				
SPECIAL BUSINESS					
Resolution 5	Ordinary Resolution - Authority for Directors to issue and allot shares.				
Resolution 6	Ordinary Resolution - Proposed renewal of shareholders' mandate.				
Resolution 7	Ordinary Resolution - Mandate to retain Encik Woo Kok Boon as an Independent and Non-Executive Director of the Company.				
Resolution 8	Ordinary Resolution - Mandate to retain Encik Muhammad Adib Bin Ariffin as an Independent and Non-Executive Director of the Company.				

* strike out whichever not applicable.

Signed this ______ day of _________________ , 2021.

____
Signature(s)/Common Seal of Shareholder(s)

Notes:

1. *In respect of deposited securities, only members whose name appears on the Record of Depositors as at 23 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.*
3. *A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 31, Jalan Bukit Angkat, Kawasan Perusahaan Bukit Angkat, 43000 Kajang, Selangor not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
7. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.*
8. *The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.*
9. *Any alteration in this form must be initialed.*
10. ***Coronavirus Disease (COVID-19) Pandemic***
In view of the COVID-19 outbreak, we are closely monitoring the situation and would like to introduce the following precautionary measures for the well-being and safety of the shareholders whilst attending the 43rd AGM and to be in line with the Government and/or relevant authorities' directives and guidelines on public gatherings or events which may be issued from time to time:-
    a. *Before entering the AGM venue, all shareholders/proxy-holders and the attendees are required to:-*
        i. Wear a face mask;
        ii. Use the hand sanitizer as provided;
        iii. Undergo a compulsory body temperature screening upon arrival at the AGM venue; and
        iv. Sign a health declaration form and provide the travel history and contact details (to facilitate contact tracing, if required).
    b. For safety purposes, the Company reserve the right to carry out the acts as we deemed necessary for the safety of our members, Directors, staffs and other stakeholders, including: -
        i. To limit the number of physical attendees to be accommodated at the venue;
        ii. To refuse the entry of a shareholder/proxy-holder with COVID-19 symptoms (which include fever, cough, breathlessness) and/or body temperature above 37.5° C and/or displaying symptoms of being unwell; and
        iii. Require all shareholders/proxy-holders and the attendees to wear a face mask throughout the AGM.
    c. Shareholders or proxy-holders who are feeling unwell or have travelled overseas to affected countries in the past 14 days or have been placed on quarantine orders or Stay-at-home notices or have been in physical contact with a person infected with COVID-19 or Person Under Investigation ("PUI") are advised to refrain from attending the 43rd AGM.
    d. Social distancing throughout the 43rd AGM must be strictly adhered to. On the seating arrangement and number of individuals allowed to be present at the AGM venue, we will be guided by the guidelines issued by the Government from time to time.

We seek the understanding and cooperation of shareholder/proxy-holder to minimise the risk of spread of COVID-19 for the interest of public health.

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AFFIX
STAMP

The Company Secretaries

TRANSOCEAN HOLDINGS BHD [197701005709 (36747-U)]
NO. 31, Jalan Bukit Angkat
Kawasan Perusahaan Bukit Angkat
43000 Kajang
Selangor Darul Ehsan
Malaysia

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TRANSOCEAN HOLDINGS BHD
[197701005709 (36747-U)]