

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31-Dec-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31-Dec-19 RM'000	CURRENT YEAR TO DATE ENDED 31-Dec-20 RM'000	PRECEDING YEAR TO DATE ENDED 31-Dec-19 RM'000
Revenue	138,665	122,983	473,093	473,369
Cost of sales	(103,299)	(89,877)	(347,728)	(349,151)
Gross profit	35,366	33,106	125,365	124,218
Other income	232	6,535	2,652	9,117
Administrative expenses	(17,870)	(20,499)	(61,761)	(62,297)
Operating profit	17,728	19,142	66,256	71,038
Finance costs	(7,184)	(8,404)	(30,363)	(31,754)
Share of results of associates/ JV	(266)	(261)	-	577
Profit before tax	10,278	10,477	35,893	39,861
Taxation	(2,090)	(2,172)	(5,812)	(8,487)
Profit for the financial period	8,188	8,305	30,081	31,374
Other comprehensive income, net of tax:				
Foreign currency translation	(12,570)	(25,837)	(6,429)	(3,694)
Total comprehensive income for the financial period	(4,382)	(17,532)	23,652	27,680
Profit attributable to:				
Owners of the Company	6,111	7,455	25,622	28,275
Non-controlling interests	2,077	850	4,459	3,099
	8,188	8,305	30,081	31,374
Total comprehensive income attributable to:				
Owners of the Company	(6,012)	(15,196)	16,347	25,500
Non-controlling interests	1,630	(2,336)	7,305	2,180
	(4,382)	(17,532)	23,652	27,680

Note:

The Condensed Consolidated Statement of Comprehensive Income for the fourth quarter ended 31 December 2019 should be read in conjunction with the Audited Financial Statements for the financial year ended (“FYE”) 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	UNAUDITED As at 31-Dec-20 RM'000	AUDITED As at 31-Dec-19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	602,875	511,549
Investment properties	17,761	18,111
Right-of-use assets	163,883	186,865
Deferred tax assets	1,599	1,301
Intangible assets	173,216	165,608
Investment in joint ventures / associates	215	802
Trade and other receivables	1,655	5,003
	961,204	889,239
Current Assets		
Inventories	63,147	66,244
Contract assets	15,008	19,021
Other Investments	190	37,580
Trade and other receivables	269,752	301,755
Tax recoverable	3,576	2,533
Fixed deposits placed with licensed banks	4,897	14,928
Cash and bank balances	71,728	80,844
	428,298	522,905
TOTAL ASSETS	1,389,502	1,412,144
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	379,659	295,525
Warrant reserve	-	84,134
Revaluation reserve	7,694	7,292
Foreign currency translation reserve	(30,507)	(17,840)
Reserve arising from reverse acquisition	(17,007)	(17,007)
Other reserve	232	236
Retained earnings	194,781	169,159
	534,852	521,499
Non-controlling interests	88,066	62,998
Total Equity	622,918	584,497
Non-Current Liabilities		
Loan and borrowings	217,203	272,112
Deferred tax liabilities	13,415	13,130
Provision for liabilities	9,371	7,656
Post employment benefit liabilities	753	650
Lease liabilities	128,866	137,016
	369,608	430,564
Current Liabilities		
Contract liabilities	172	1,443
Trade and other payables	145,737	144,116
Loan and borrowings	214,046	214,400
Lease liabilities	35,501	32,972
Derivative financial liabilities	-	13
Tax payables	1,520	4,139
	396,976	397,083
TOTAL LIABILITIES	766,584	827,647
TOTAL EQUITY AND LIABILITIES	1,389,502	1,412,144
Net assets per share attributable to owners of the Company (RM)	0.56	0.54

OCK GROUP BERHAD

Registration No: 201101027780 (955915 – M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2020 (CONT'D)**

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	← Attributable to owners of the Company →					Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Non-distributable			Distributable					
	Share Capital	Warrant Reserve	Translation / Revaluation Reserve	Reverse Acquisition Reserve	Other Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2020	295,525	84,134	(10,548)	(17,007)	236	169,159	521,499	62,998	584,497
Effect on PPA adjustments* (Note A16)	-	-	-	-	-	-	-	693	693
At 1 January 2020, restated	295,525	84,134	(10,548)	(17,007)	236	169,159	521,499	63,691	585,190
Subscription of shares by NCI in subsidiaries	-	-	-	-	-	-	-	18,284	18,284
Dividend paid	-	-	-	-	-	-	-	(1,214)	(1,214)
Foreign currency translation	-	-	(12,265)	-	(4)	-	(12,269)	2,846	(9,423)
Transfer from warrant reserve	84,134	(84,134)	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	25,622	25,622	4,459	30,081
At 31 December 2020	379,659	-	(22,813)	(17,007)	232	194,781	534,852	88,066	622,918
At 1 January 2019	244,305	84,134	(10,866)	(17,007)	967	139,501	441,034	53,989	495,023
Arising from acquisition/incorporation of subsidiaries	-	-	-	-	-	-	-	413	413
Issuance of shares pursuant to private placement	52,260	-	-	-	-	-	52,260	-	52,260
Transaction costs of share issue	(1,040)	-	-	-	-	-	(1,040)	-	(1,040)
Subscription of shares by NCI in a subsidiary	-	-	-	-	-	-	-	7,211	7,211
Dividends paid on shares	-	-	-	-	-	-	-	(794)	(794)
Revaluation of fixed assets	-	-	3,612	-	-	-	3,612	-	3,612
Actuarial loss from employee benefits	-	-	-	-	-	(18)	(18)	(7)	(25)
Foreign currency translation reserve	-	-	(2,756)	-	-	-	(2,756)	(913)	(3,669)
Deferred tax relating to revaluation reserve	-	-	(426)	-	-	-	(426)	-	(426)
Realisation of revaluation reserve	-	-	(101)	-	-	101	-	-	-
Appropriation to owners' other capital	-	-	-	-	63	(63)	-	-	-
Reversal of funds	-	-	(11)	-	(794)	1,363	558	-	558
Total comprehensive income for the financial year	-	-	-	-	-	28,275	28,275	3,099	31,374
At 31 December 2019	295,525	84,134	(10,548)	(17,007)	236	169,159	521,499	62,998	584,497

Note:

*Retrospective adjustment to reflect the effects of purchase price allocation (“PPA”) of Energenetic Sdn. Bhd., Powerlator Sdn. Bhd. and Tanda Hebat Sdn. Bhd. completed in January 2019, Frontier Integrator (Sabah) Sdn. Bhd. completed in October 2019 and Nexgen Ventures Sdn. Bhd. completed in August 2020. Please refer Note A16 for more detail.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Current Year To Date Ended 31-Dec-20 RM'000	Preceding Year To Date Ended 31-Dec-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,893	39,861
Adjustments for:		
Amortisation of intangibles	2,799	2,815
Bad debts written off	1,795	814
Deposits written off	-	3
Depreciation	82,026	69,256
Fair value loss/(gain) on derivative instruments	(13)	11
Fair value loss/(gain) on investment properties	350	(250)
Gain from bargain purchase	-	(82)
Interest expenses	30,363	31,754
Income from short term cash investments	-	(63)
Interest income	(219)	(1,640)
Inventories written off	-	10
Loss on waiver of debts	3	5
Net loss/(gain) on disposal of property, plant and equipment	-	(456)
Net loss/(gain) on disposal of right-of-use	-	(328)
Net unrealised (gain)/loss on foreign exchange	(463)	335
Share of results of an associate	-	(577)
Property, plant and equipment written off	-	284
Provision for post employment benefits	-	130
Unwinding effect on provision for site restoration	-	239
	<u>152,534</u>	<u>142,121</u>
Changes in working capital:		
Inventories	3,097	6,131
Receivables	33,142	13,838
Payables	2,342	20,527
Amount due from customer for contract works	4,012	(6,383)
	<u>195,127</u>	<u>176,234</u>
Tax paid	(10,345)	(11,653)
Tax refunded	-	4,747
Interests received	219	1,640
Net cash flows from operating activities	<u>185,001</u>	<u>170,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	(44,870)	(4,146)
Advances to ultimate holding company	-	(192)
Repayment from/(Advances to) an associated company	-	479
Change in pledged deposits	872	6,663
Income from short term cash investments	-	63
Proceeds from disposal of property plant and equipment	-	6,657
Proceeds from disposal of right-of-use assets	-	386
Purchase of property, plant and equipment and investment properties	(105,595)	(112,240)
Other investments	37,389	(36,269)
Net cash flows used in investing activities	<u>(112,204)</u>	<u>(138,599)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Current Year To Date Ended 31-Dec-20 RM'000	Preceding Year To Date Ended 31-Dec-19 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Advances from minority shareholders of subsidiaries	-	(1,022)
Interests paid	(21,310)	(22,240)
Net repayment of borrowings	(19,469)	(17,568)
Proceed from issuance of shares	1	51,220
Subscription of shares by non-controlling interests in a subsidiary	18,284	7,211
Dividends paid to:		
- non-controlling interests	(1,214)	(794)
Payment of lease liabilities	(25,881)	(44,146)
Net cash flows used in financing activities	<u>(49,589)</u>	<u>(27,339)</u>
Net change in cash and cash equivalents	23,208	5,030
Effects of exchange rate changes	(5,689)	342
Cash and cash equivalents:		
At the beginning of the financial year	<u>26,192</u>	<u>20,820</u>
At the end of the financial year	<u>43,711</u>	<u>26,192</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	71,728	80,844
Fixed deposits	4,897	14,928
Bank overdraft	<u>(28,017)</u>	<u>(63,811)</u>
	48,608	31,961
Less: Fixed deposits pledged with licensed banks	<u>(4,897)</u>	<u>(5,769)</u>
	<u>43,711</u>	<u>26,192</u>

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2020

A. NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Basis of Preparation

These condensed consolidated interim financial statements (“interim financial report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the FYE 31 December 2019.

A2. Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the FYE 31 December 2019 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs effective for financial year beginning on or after:

1 January 2020

Amendments/Improvements to MFRSs:

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

1 June 2020 (earlier application effective 1 January 2020)

MFRS 16	Covid-19 – Related Rent Concession (Amendments to MFRS 16)
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The adoption of the above did not have any significant effects on the interim financial report of the Group.

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There was no qualification on the audited financial statements of the Company and its subsidiary companies for the FYE 31 December 2019.

A4. Comments about Seasonal or Cyclical Factors

The Group's businesses did not experience significant fluctuations due to seasonal or cyclical factors during the current quarter under review.

A5. Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A6. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior year that had a material effect in the current quarter under review.

A7. Issuances, Cancellations, Repurchase, Resale and Repayments of Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter under review other than the issuance of 750 new ordinary shares pursuant to the exercise of 750 warrants at the exercise price of RM0.71 per share during the quarter under review. The warrants had expired on 15 December 2020.

A8. Dividends Paid

There is no dividend paid in the current quarter under review.

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A9. Segmental Information

The segmental results of the Group for the FYE 31 December 2020 based on segment activities are as follows:

Cumulative Quarter 31 December 2020	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	428,739	29,081	5,167	10,106	-	-	473,093
Inter-segment revenue	18,752	3,121	1,196	6,871	-	(29,940)	-
Total Revenue	447,491	32,202	6,363	16,977	-	(29,940)	473,093
Profit before tax	34,589	871	2,789	(2,742)	(14)	400	35,893
Taxation	(5,429)	(352)	(719)	376	(534)	846	(5,812)
Profit for the financial year	29,160	519	2,070	(2,366)	(548)	1,246	30,081

Cumulative Quarter 31 December 2019	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
Revenue from External customers	392,368	32,180	12,246	36,575	-	-	473,369
Inter-segment revenue	19,027	3,268	7,091	4,415	336	(34,137)	-
Total Revenue	411,395	35,448	19,337	40,990	336	(34,137)	473,369
Profit before tax	33,515	1,942	3,423	3,661	(1,620)	(1,060)	39,861
Taxation	(7,445)	(82)	(785)	(1,049)	59	815	(8,487)
Profit for the financial year	26,070	1,860	2,638	2,612	(1,561)	(245)	31,374

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A9. Segmental Information (Cont'd)

The segmental results of the Group for the FYE 31 December 2020 based on geographical segment are as follows:

Cumulative Quarter	Malaysia	Regional	Elimination	Group
31 December 2020	RM'000	RM'000	RM'000	RM'000
Revenue from				
External customers	219,602	253,491	-	473,093
Inter-segment revenue	28,681	1,259	(29,940)	-
Total Revenue	248,283	254,750	(29,940)	473,093
Profit before tax	8,823	26,670	400	35,893
Taxation	(3,497)	(3,161)	846	(5,812)
Profit for the financial year	5,326	23,509	1,246	30,081

Cumulative Quarter	Malaysia	Regional	Elimination	Group
31 December 2019	RM'000	RM'000	RM'000	RM'000
Revenue from				
External customers	285,838	187,531	-	473,369
Inter-segment revenue	17,509	16,628	(34,137)	-
Total Revenue	303,347	204,159	(34,137)	473,369
Profit before tax	19,986	20,935	(1,060)	39,861
Taxation	(5,342)	(3,960)	815	(8,487)
Profit for the financial year	14,644	16,975	(245)	31,374

A10. Valuation of property, plant and equipment

There are no significant changes in property, plant and equipment valuation in the current quarter under review.

A11. Capital Commitments

As at 31 December 2020, the capital commitments are as follows:

	UNAUDITED	AUDITED
	as at	as at
	31-Dec-20	31-Dec-19
	RM'000	RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	60,025	35,074
- approved but not contracted for	116,565	74,206
	<u>116,565</u>	<u>74,206</u>
In respect of acquisition of a subsidiary		
- approved and contracted for	-	24,650
	<u>-</u>	<u>24,650</u>

A12. Material subsequent event

There are no material events subsequent to the end of the current financial quarter under review.

A13. Changes in the Composition of the Group

There are no changes in the composition of the Group in current quarter under review.

A14. Contingent Liabilities and Contingent Assets

As at 31 December 2020, the contingent liabilities are as follows:

	UNAUDITED	AUDITED
	as at	as at
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Financial guarantees given by OCC Group Berhad to licensed banks for facilities granted to subsidiaries	431,249	486,321
	<u>431,249</u>	<u>486,321</u>

A15. Significant Related Party Transaction

Save as disclosed below, there was no other significant related party transactions for the current quarter under review:

Nature of Transactions	UNAUDITED	AUDITED
	as at 31-Dec-20 RM'000	as at 31-Dec-19 RM'000
Consultancy fee	-	308
Purchases	206	204
Media and investor relation expense	-	71
Sales	(187)	(3,843)

All the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties and in the ordinary course of business of the Group.

A16. Completion of Purchase Price Allocation

During the current financial period, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Energenetic Sdn. Bhd. (“Energenetic”), an indirect wholly-owned subsidiary company, Powerlator Sdn. Bhd. (“Powerlator”), an indirect wholly-owned subsidiary company, Tanda Hebat Sdn. Bhd. (“Tanda Hebat”), an indirect wholly-owned subsidiary company, Frontier Integrator (Sabah) Sdn. Bhd. (“Frontier”), an indirect wholly-owned subsidiary company, Nexgen Ventures Sdn. Bhd. (“Nexgen Ventures”), an indirect non-wholly owned subsidiary company within the stipulated time period, i.e. twelve (12) months from the respective acquisition dates of 24 January 2019, 1 October 2019 and 1 August 2020 respectively, in accordance with MFRS 3 “Business Combinations”. Below are the effects of the final PPA adjustments in accordance with MFRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2019			
Consolidated Statement of Financial Position			
<u>Non-Current Assets</u>			
Intangible Assets	23,233	2,493	25,726
Goodwill on consolidation	142,376	(4,567)	137,809
<u>Non-Current Liabilities</u>			
Deferred tax liabilities	-	(598)	598
Trade and other payables	144,116	3,365	140,751
Consolidated Statement of Changes in Equity			
Retained earnings	169,159	-	169,159
Non-controlling interests	62,998	(693)	63,691

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**B1. Review of Performance**

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
31 December 2020							
Total Revenue	123,894	13,414	2,142	5,410	-	(6,195)	138,665
Profit before tax	4,248	467	938	(1,761)	(7,639)	14,025	10,278

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
31 December 2019							
Total Revenue	110,603	11,216	2,578	10,709	336	(12,459)	122,983
Profit before tax	9,130	429	633	771	(6,029)	5,543	10,477

For the current quarter ended 31 December 2020, the Group reported a higher revenue as compared to the corresponding quarter of previous year, mainly due to higher revenue contribution from Telecommunication Network Services and Green Energy and Power Solution.

B2. Material Changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
31 December 2020							
Total Revenue	123,894	13,414	2,142	5,410	-	(6,195)	138,665
Profit before tax	4,248	467	938	(1,761)	(7,639)	14,025	10,278

Individual Quarter	Telecommunication Network Services RM'000	Green Energy and Power Solution RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding Company RM'000	Elimination RM'000	Group RM'000
30 September 2020							
Total Revenue	113,570	6,248	1,380	3,680	-	(7,643)	117,235
Profit before tax	12,236	234	550	(431)	(5,021)	1,990	9,558

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B2. Material Changes in the Current Quarter's results compared to the results of the immediate Preceding Quarter (Cont'd)

The total revenue of RM138.7 million recorded for the current quarter was higher as compared to the revenue in the preceding quarter of RM117.2 million mainly due to higher revenue contribution from Telecommunication Network Services and Green Energy and Power Solution in the current quarter.

B3. Prospects

The year has been full of challenges, however OCK has been standing strong with steady recurring income contributions to the Group. The COVID-19 pandemic has in ways accelerated the adoption of new technologies. With this view, OCK is optimistic about the telecommunication industry's outlook where new technologies will require increased telecommunication infrastructure and speed such as 5G.

As Malaysia continues to strive in the transition to 5G, infrastructures have to be prepared. The government has announced plans such as the national digital infrastructure plan or more commonly referred to by its abbreviation in Malay, *JENDELA*; with an expected RM21 billion budget to lay the foundation for the transition to 5G, as well as investing a total of RM15 billion over 10 years for 5G implementation nationwide. In this view, as Malaysia's largest telecommunication network services provider by revenue, OCK is optimistic of the telecommunication sector as a whole.

With the new and recent launch by the government, it is expected that a Total of RM15 billion will be invested over the next 10 years for 5G implementation nationwide. This is followed by the announcement of the launch of a Malaysia Special Purpose Vehicle ("GOMSPV") that will be the entity to oversee the deployment of 5G infrastructure and network roll out nationwide. OCK will stand to benefit by these government 5G initiatives directly or indirectly as a key player in the deployment of 5G in Malaysia.

5G

OCK is proud to announce that the Group has developed a smart pole proven to be able to support the large scale rollout of the 5G network. To date, the Group has demo telecommunication sites erected in Langkawi and Sarawak as part of Malaysia's 5G trials. As a turnkey telecommunication network solutions provider, OCK is ready in terms of technical know-how and equipment solutions to support this next wave of technological expansion.

With the advancement of 5G in the future, OCK is in a prime position to secure more projects. With the implementation of 5G, the demand for telecommunication sites will increase by 3-4 times as compared to the number of 4G sites. The functionality for 5G is vast which includes smart solutions to various industries such as smart city, smart agriculture, smart traffic solutions and many more. The Group has positioned itself to capture future opportunities arising from this advancement through the partnership with China United Network Communications Group Co Ltd as they have proven track record in implementing smart city platforms and applications in a few cities in China which can be tailored to meet the Malaysian market's needs.

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B3. Prospects (Cont'd)

TOWERCO

OCK is poised to adopt a two-prong strategy to grow its telecommunication tower business whereby the number of telecommunication towers under its portfolio will be increased as well as to further expand its existing regionally.

To date OCK has a telecommunication tower portfolio of more than 4,200 towers across Myanmar, Vietnam and Malaysia. Its towerco recurring revenue stream provides a commendable contribution to the Group. With that said, the Group's recurring income from this segment will continue to grow as OCK continues to increase its tower portfolio across the region.

In Vietnam, OCK is the largest independent telecommunication towerco with over 2,700 telecommunication sites. The Group has a pipeline of targeted telecommunication sites to be acquired in 2020 as part of its brownfield expansion plans in Vietnam.

In Myanmar, OCK provides telecommunication infrastructure and resource supply services to its clients with a track record of completing and owning more than 1,000 telecommunication sites. The Group is aggressively building and acquiring more sites in this greenfield telecommunication market.

In Malaysia, OCK owns close to 500 telecommunication sites to date. OCK will still continue its growth plan at a slower pace and will also continue to add additional towers into its local portfolio.

GREEN ENERGY SOLUTIONS

In line with the Government's initiatives for the green renewable energy sector, the Group is enhancing its solar renewable energy segment via acquisition of solar farms to fortify its secondary recurring income stream. OCK is actively participating in the Government's initiatives on large scale solar projects. As a turnkey solutions provider in the solar business, OCK is well equipped with engineering, procurement and construction capabilities to build as well as own solar farms.

One of OCK's aspirations is to reduce the carbon footprint as it continues to expand its businesses. The solar renewable energy segment provides OCK with the platform to do so, as well as build a secondary recurring income base via our solar farms through greenfield and brownfield opportunities.

To date, OCK owns 17 solar farm with a total capacity of 11.3MW.

B4. Profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Quarter Ended		Year-To-Date Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Taxation for the period	2,467	3,272	8,614	10,324
Deferred Tax	(377)	(1,100)	(2,802)	(1,837)
Total taxation	<u>2,090</u>	<u>2,172</u>	<u>5,812</u>	<u>8,487</u>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate 24%.

B6. Status of Corporate Proposal

Save for the following, there was no corporate proposal announced but not completed as at the date of this announcement.

Multiple proposals

On 3 July 2020, OCK Group Berhad ("OCK" or "the Company") is proposing to undertake the following multiple proposals:

- (i) Proposed a renounceable rights issue of up to 122,264,591 new ordinary shares in OCK ("OCK Share(s)" or "Share(s)") ("Rights Shares") on the basis of 1 Rights Share for every 10 existing OCK Shares held, together with up to 122,264,591 free detachable warrants in OCK ("Warrant(s) B") on the basis of 1 Warrant B for every 1 Rights Share subscribed for on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants");
- (ii) Proposed an exemption to Aliran Armada Sdn Bhd ("AASB") and Mr Ooi Chin Khoon ("Mr Ooi") and persons acting in concert with them, namely Ooi Cheng Wah, Low Hock Keong, Abdul Halim Bin Abdul Hamid, Chang Tan Chin and Chong Wai Yew ("PACs"), under Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules") from the obligation to undertake a mandatory offer for all the remaining OCK Shares and outstanding warrants 2015/2020 in the Company ("Warrant(s) A") not already owned by them pursuant to the Proposed Rights Issue with Warrants ("Proposed Exemption"); and
- (iii) Proposed the establishment of an employees' share option scheme ("ESOS") of up to 15% of the total number of issued OCK Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for eligible persons ("Proposed ESOS").

(Items (i), (ii) and (iii) are collectively referred to as "Proposals").

On 24 July 2020, the Company has decided not to proceed with the Proposed Exemption and pursuant thereto, the Company has determined to revise the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants from RM6,527,343 to RM5,626,330 ("Minimum Subscription Level").

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B6. Status of Corporate Proposal (Cont'd)

On 21 August 2020, the Company has decided to undertake the Proposed Rights Issue with Warrants on a maximum subscription level basis ("Maximum Subscription Level") to raise the maximum proceeds possible from the Proposed Rights Issue with Warrants of up to RM24,452,918.

The Company had on 26 August 2020 submitted the application pursuant to the Proposals to Bursa Malaysia and approval was received from Bursa on 13 October 2020.

On 8 January 2021, 95,857,296 Rights Shares and 95,857,296 Warrants B issued pursuant to the Rights Issue with Warrants were listed and quoted on the Main Market of Bursa Malaysia, marking the completion of the Rights Issue with Warrants. The issuance of Rights Shares at RM0.20 per Rights Share.

The Proposals are completed on 8 Jan 2021.

B7. Group borrowings and debt securities

The Group's borrowings as at 31 December 2020 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings:-			
Term loans	217,203	-	217,203
Short term borrowings:-			
Overdraft	28,017	-	28,017
Bankers' acceptance	7,795	-	7,795
Revolving credit	8,089	-	8,089
Revolving project loan	49,111	-	49,111
Term loans	121,034	-	121,034
	214,046	-	214,046

The above borrowings are denominated in Ringgit Malaysia, except for term loans amounting to RM253.4 million and RM6.4 million which are denominated in USD and IDR, respectively.

B8. Material Litigation

As at the date of this report, the Group was not engaged in any material litigation.

B9. Earnings Per Share

The basic and diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Quarter Ended		Year-To-Date Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Group's profit attributable to equity holders of the Company (RM'000)	6,111	7,455	25,622	28,275
Weighted average number of ordinary shares ('000)	958,574	958,573	958,574	958,573
Upon conversion of warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	958,574	958,573	958,574	958,573
Earnings per share (sen):				
- Basic ^	0.64	0.78	2.67	2.95
- Diluted *	0.64	0.78	2.67	2.95

Notes:

^ Basic earnings per share are based on the profit attributable to owners of the Company and weighted average number of ordinary shares outstanding during the quarter.

* Diluted earnings per share are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the quarter plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

B10. Profit for the period

	Quarter Ended		Year-To-Date Ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Profit before tax is arrived at after charging/(crediting):	10,278	10,477	35,893	39,861
- depreciation and amortisation	22,078	20,541	84,825	72,071
- interest expenses	7,184	8,404	30,363	31,754
- interest income	1,635	(916)	(219)	(1,640)
- (gain)/loss on foreign exchange	(89)	360	463	549
- other income	(1,867)	(2,245)	(2,433)	(4,104)

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B11. Dividend

No interim dividend has been proposed or declared for the current financial year ended 31 December 2020.

By Order of the Board

Wong Youn Kim (MAICSA 7018778)

Company Secretary

Kuala Lumpur

Date: