DESTINI

Strengthening The Future

ANNUAL REPORT **2020**

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About This Report

This report presents the Group's commitment to transparent and quality disclosures on our business performance and our ability to create value to our stakeholders. This is the third consecutive year in our journey on Integrated Reporting Framework outlined by the International Integrated Reporting Council.

This report includes our business strategies and performance, the various programmes and initiatives, some of the risks, mitigation measures, and accomplishments of our business segments for the period of 1 January 2020 to 31 December 2020.

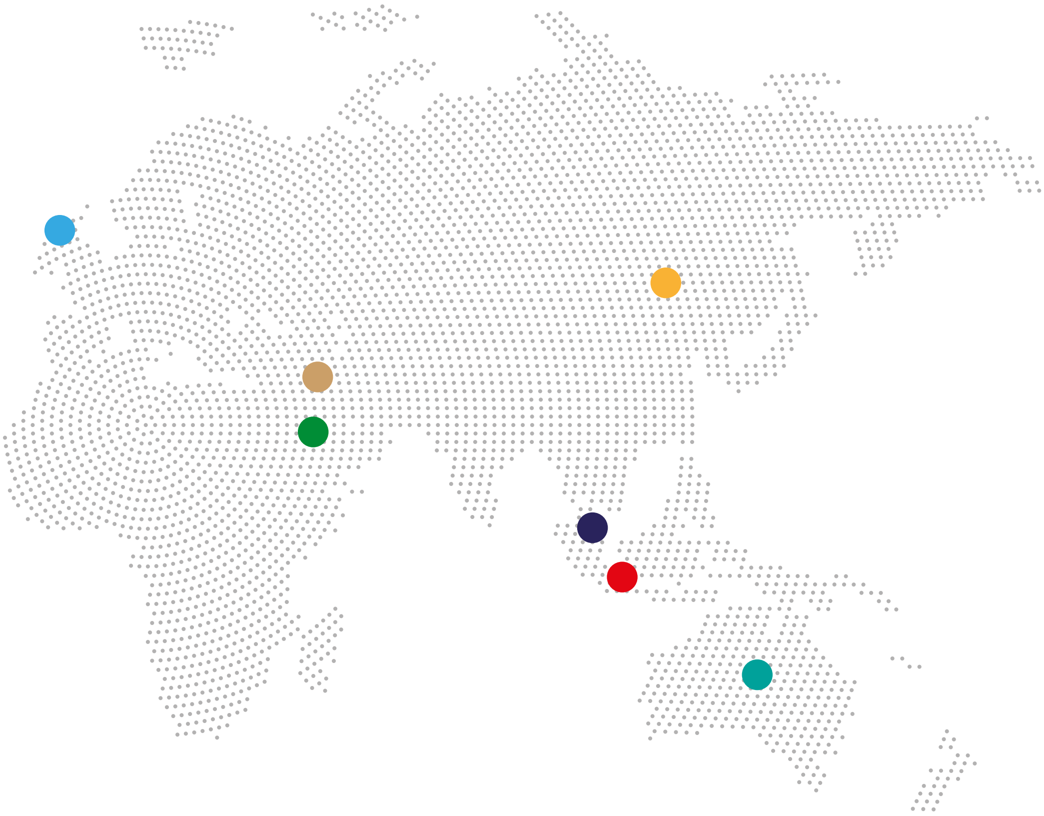
An overview of **Destini**

Destini Berhad is an integrated engineering solutions provider that has global presence in the **aviation and defence, marine, energy and rail and land transport.**

There are three parts to Destini's Annual Report which includes a Corporate Report whereby a comprehensive overview of the Group's performance in 2020 is illustrated and an outlook for the future is provided; a Financial Report where the full set of the Groups audited financial statements are presented; as well as a Sustainability Report which is a commentary on the Group's sustainability practices and performance.

Through this report, the Group aims to share balanced and transparent information about our business operations to better guide the investment decision of our shareholders and stakeholders.

Destini's Presence



MALAYSIA SINGAPORE AUSTRALIA UNITED KINGDOM UAE SAUDI ARABIA CHINA

Our Business

Destini Berhad ("Destini" or "the Company") and its subsidiaries ("the Group") is an integrated engineering solutions provider with diverse interest in the aviation & defence, marine, energy and rail & land transport industries. The Group started off as an aviation tool and spare parts trading company supplying for the defence industry.

Aviation & Defence

- Supply and provide maintenance, repair and overhaul ("MRO") services for the Armed Forces and civil aircrafts, for both fixed and rotary winged aircraft.
- Cylinder testing and calibration services.
- Aircraft search, rescue and salvage.
- Technical Line Maintenance and Fixed-base Operation Services for civil airlines.
- Ground Handling services for commercial airlines operating in Malaysian airports.
- Commercial airline safety and survival component MRO services.

Marine

- Builds paramilitary vessels up to 80 meters in length and 1,400 dead weight tonnes.
- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufactures proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.
- Routine repair, re-fit and emergency repair or paramilitary and commercial vessels.
- Design, fabrication and servicing of heat exchangers; fabrication, installation and erection of piping and steelworks.
- Provides MRO services relating to lifeboats, davits, load testing equipment, fire safety and other marine assets.
- Fleet management, calibration and automation services to global shipping lines.

Two decades later, Destini has evolved to provide a diversified range of products and services for the aviation & defence, marine and rail & land transport industries for both defence and commercial sectors. With a wider portfolio and coupled with Destini's foray into energy segment, it has expanded the Group's geographical footprint over the Asian, Australian, Middle East and European regions.

Rail & Land Transport

- Provides fabrication, supply and MRO services for defence and security vehicles.
- Offers System Integration services for defence and security vehicles.
- Supply of electronic equipment, surveillance and tracking systems, spare parts, components and accessories for defence and security vehicles.
- Manufacture and supply Motor Trollies, Wagon and Road Rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of rail system.

Energy

- Supply and trading of LNG
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which includes a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection as well as maintenance and repair services.
- Supply of handling and drilling tools.

Destini's Corporate Diary

MARCH 1991
Satang Jaya Sdn Bhd ("Satang Jaya") commenced operations as an aviation tools and spare parts supplier.

MAY 1998
Satang Jaya was awarded the contract to provide MRO services for RMAF's safety and survival equipment under Ministry of Defence Malaysia's ("MinDef") Royal Malaysia Airforce ("RMAF") Contractorisation Programme.

DECEMBER 2005
Satang Jaya entered Bursa Malaysia Securities Berhad ("Bursa Securities"), under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad (Satang Holdings) in April 2007.

MAY 2008
Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 (PN17) of the Main Market Listing Requirements of Bursa Securities.

JULY 2009
Satang Holdings shares were suspended from trading by Bursa Securities on July 13.

SEPTEMBER 2011
As part of its regularization plan, Satang Holdings changed its name to Destini Berhad to reflect a synergized and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.

FEBRUARY 2012
Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd ("SERT").

AUGUST 2012
The suspension of trading in Destini's shares was uplifted by Bursa Securities on August 13 after its regularization plan was approved.

DECEMBER 2012
Destini acquired a 51% stake in Singapore-based Vanguard Composite Engineering Pte Ltd (currently known as Vanguarde Pte Ltd), a company that manufactures lifeboats, fast rescue boats, davit systems and host of other safety equipment for the marine and oil and gas industries.

MARCH 2013
Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd ("DOS") for RM80 million.

APRIL 2013
- Destini acquired the Techno Fibre Group to wholly-owned Techno Fibre Australia Pte Ltd, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd, now known as Armada Delmar Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.
- After completing its regularization plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

AUGUST 2013
The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facility.

AUGUST 2014
Destini acquired a 50% stake in Detrac Sdn Bhd ("Detrac") to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

APRIL 2015
Destini acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

JUNE 2015
- Destini acquired an 80% stake in Safeair Technical Sdn Bhd ("SAT"), a company that provides Line Maintenance services for commercial airlines in local airports.
- Destini Aviation Sdn Bhd ("DASB") entered into a joint venture agreement with UK- based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd ("DAT"). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for commercial air craft components.

SEPTEMBER 2015
Destini acquired the remaining 49% stake it did not own in Vanguard, making the lifeboat maker a wholly-owned subsidiary of the Group.

DECEMBER 2015
The Group acquired Destini Shipbuilding & Engineering Sdn Bhd ("DSBE") to enable it to fabricate six 44.25-meter New Generation Patrol Craft ("NGPC") worth RM381.30 million for the Malaysian Maritime Enforcement Agency ("MMEA").

MARCH 2016
Vanguard receives contract to supply eight Self- Propelled Hyberbaric Lifeboats to UK-based JFD

APRIL 2016
Destini Prima Sdn Bhd ("DPSB") entered into a Memorandum of Understanding with Advanced Military Maintenance, Repair and Overhaul Centre ("AMMROC") L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

JUNE 2016
SERT accepted its first rail related award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and road rail vehicle for Keretapi Tanah Melayu Berhad ("KTMB") worth RM62 million.

SEPTEMBER 2016
TF Corp Pte Ltd subscribed 60% shares in IMES Marine Safety Systems Limited, the company currently known as Destini Marine Safety Solutions Ltd. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

OCTOBER 2016
Destini entered into a Joint Venture Agreement with TH Heavy Engineering Berhad ("THHE") to establish an unincorporated joint venture to procure the award for the supply, delivery, testing and commissioning of three 80-meter Offshore Patrol Vessels ("OPV") for the MMEA.

NOVEMBER 2016
DSBE and THHE's wholly-owned subsidiary THHE Fabricators Sdn Bhd formed an incorporated joint venture company, Gigih Integrasi Sdn Bhd to undertake the fabrication of the three OPV's. Gigih Integrasi Sdn Bhd is now known as THHE Destini Sdn Bhd.

DECEMBER 2016
The Group secured a three-year contract extension to provide MRO services and to supply safety and survival related equipment to the Royal Malaysian Airforce for RM98.20 million.

JANUARY 2017
THHE Destini Sdn Bhd, a 51:49 joint venture company between THHE and Destini secured a contract worth RM738.9 million for the supply, delivery, testing and commissioning of three OPV's for the MMEA.

FEBRUARY 2017
Destini acquired 70% stake in safety and security equipment company, Halaman Optima Sdn Bhd, for RM5.5 million to enable the Group to supply six reconnaissance helicopters worth RM321.9 million by the MinDef for the Malaysian Armed Forces.

Destini's Corporate Diary

JUNE 2017
DASB entered into a Joint Venture and Shareholders Agreement with Sapura Aero Sdn Bhd to incorporate a Joint Venture Company that is to be in the business of rotary wing and fixed aircraft sale, supply and provision of MRO in relation to aircraft and helicopters and the provision of programs such as wet leasing and dry leasing of aircraft.

NOVEMBER 2017
- DOS and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the South Asian and South-East Asia Region.
- Destini Armada Pte Ltd acquired 70% stake in AMS Marine Pte. Ltd, a Singapore-based company that is in the business of design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks and non-destructive testing to the marine and oil and gas industry.

APRIL 2018
- Destini Engineering Technologies Sdn Bhd ("DETSB") inked an MOU with Felcra Berhad to provide MRO services for industrial facilities and equipment for the agriculture and related industries within Malaysia and the ASEAN region.
- DOS was awarded a two-year umbrella contract by PETRONAS Carigali Sdn Bhd ("PCSB") for the provision of well abandonment integrated services.
- DPSB accepted an award from the MinDef for an additional RM138 million to an existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF.

MAY 2018
DOS was awarded a US$8 million (RM31.76 million) contract to be Pakistan-based Lyallpur Oil Tool Pvt Ltd's technical partner for tubular running services in Pakistan.

JUNE 2018
Destini incorporated a new wholly-owned Destini Empire Properties Sdn Bhd which is in the business of acquiring lands and property.

JULY 2018
The Group received a conditional work order for the provision of well abandonment integrated services for Pulai B platform, off the coast of Terengganu. This came under the two-year umbrella contract by PCSB for the provision of well abandonment integrated services that Destini received in April.

AUGUST 2018
DOS received an award from POSCO Daewoo Corporation for the provision of tubular running services in Myanmar for US$5.2 million (RM21.17 million)

DECEMBER 2018
DOS was awarded the provision of tubular handling, conductor installation and slot recovery equipment and service for the Pan Malaysia Petroleum Arrangement Contractors (PAC) Operators Drilling Program by PCSB.

JANUARY 2019
- DPSB received a letter of extension from the Ministry of Home Affairs, to provide MRO services, technical assistance and supply of spares related to safety and survival equipment, ground support and mechanical equipment, electronic equipment, airborne multisensory system and flight operations system for the Royal Malaysia Police Air Wing for a period of three years until November 2021 for RM10 million.
- DOS received a letter of award for the provision of tubular running services for exploration and appraisal and infill drilling campaign at the lower part of Gulf of Thailand near the South China Sea for Carigali-PTTEPI Operating Company Sdn Bhd. The tenure of the contract is two years with one-year extension option.

MARCH 2019
DOS was awarded the provision for tubular handling, conductor installation and slot recovery equipment and services for PAC Operators' Drilling Program for Sarawak Shell Berhad. The total value of the contract awarded depends on the work orders to be issued.

Destini's Corporate Diary

APRIL 2019

- Destini Rail Sdn Bhd incorporated a new wholly-owned subsidiary, DLP Rail Sdn Bhd as part of a plan to expand its future service offerings to include total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportations projects in Malaysia.
- DAT entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair, and carry out overhaul activities on aircraft safety equipment. The agreement's tenure is three years with an option to extend for another two years.

MAY 2019

Destini Rail Sdn Bhd entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn Bhd, and SVPR Consulting Services Sdn Bhd in respect of DLP Rail Sdn Bhd to draw upon the skills, expertise, experience and capabilities of each other in undertaking the business of rail related projects in Malaysia and the region which among others, include engineering solutions and services, civil works, rolling stock, system and track works, asset management and maintenance services for rail projects.

JULY 2019

DOS received a letter or award from Petrofac (Malaysia-PM304) Limited for the provision of tubular handling equipment and running services.

OCTOBER 2019

DOS was awarded PAN Malaysia Umbrella Contract for the Provision of Integrated Well Services for Intervention, Workover and Abandonment for PACs from PCSB. The contract runs on a call-out basis through the issuance of work orders and would expire in 2024 unless it is extended.

DECEMBER 2019

DPSB secured RM50.18 million contract from MinDef for the extension of the existing contract to provide MRO services and the supply of the safety and survival equipment to the RMAF. The tenure of the contract was one year starting October 2019 to October 2020.

APRIL 2020

DOS received a letter of award for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia Limited's ("NIPPON") drilling campaign. The tenure of the contract is four years with one-year extension option.

JULY 2020

- Destini Engineering Technologies Sdn Bhd ("DET") was awarded a contract from Wira Syukur (M) Sdn Bhd to provide mechanical and electrical systems for the commercial development of GrenePark Village in Semenyih for a sum of RM17.39 million.
- DPSB was awarded a contract from MinDef to supply non-proprietary aircrafts parts for the RMAF. It will allow DPSB together with 29 other local companies identified by MinDef to participate in parcels of bidding should RMAF require any non-proprietary aircraft parts. The contract has a combined ceiling of approximately RM121 million.

DECEMBER 2020

DPSB received a letter of award from MinDef for the extension of the existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF for RM30.37 million

Corporate Information

Board of Directors

Tan Sri Dato' Sri Rodzali Bin Daud
Independent & Non-Executive Chairman

Dato' Rozabil Bin Abdul Rahman
President & Group Chief Executive Officer

Syaiful Hafiz Bin Moamat Mastam
Non-Independent & Non-Executive Director
(appointed on 26 March 2021)

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Independent & Non-Executive Director

Dato' Che Sulaiman Bin Shapie
Independent & Non-Executive Director

Dato' Mohd Zahir Bin Zahur Hussain
Independent & Non-Executive Director
(appointed on 8 October 2020)

Abdul Rahman Bin Mohamed Rejab
Executive Director

Norzilah Binti Mohammed
Executive Director
(appointed on 26 March 2021)

Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Chairperson)
Dato' Che Sulaiman Bin Shapie
Dato' Mohd Zahir Bin Zahur Hussain
(appointed on 8 October 2020)

Nomination and Remuneration Committee

Tan Sri Dato' Sri Rodzali Bin Daud (Chairman)
Dato' Che Sulaiman Bin Shapie
Dato' Mohd Zahir Bin Zahur Hussain
(appointed on 8 October 2020)

Risk Management Committee

Tan Sri Dato' Sri Rodzali Bin Daud (Chairman)
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Abdul Rahman Bin Mohamed Rejab

Option Committee

Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Chairman)
Dato' Che Sulaiman Bin Shapie
Syaiful Hafiz Bin Moamat Mastam
(appointed on 26 March 2021)

Company Secretaries

Tan Tong Lang
(MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee
(LS0009760/ SSM PC No. 201908002254)

Auditors

Messrs. UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur, Malaysia
Tel : 03-2279 3088
Fax : 03-2279 3099

Principal Banker
AmBank Islamic Berhad
[199401009897 (295576-U)]
Malayan Banking Berhad
[196001000142 (3813-K)]
Export-Import Bank of Malaysia Berhad
[199501027992 (357198-K)]
Affin Hwang Investment Bank Berhad
[197301000792 (14389-U)]

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad
Stock Name : DESTINI
Stock Code : 7212

Registered Office
No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233

Corporate Office
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Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com
Website : www.destinigroup.com

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Email : insurban@gmail.com

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Selangor Darul Ehsan
Email : info@destinigroup.com
Tel : 03-5567 0333
Fax : 03-5569 1233

Destini Share Information
Company name: Destini Berhad

Stock name
DESTINI

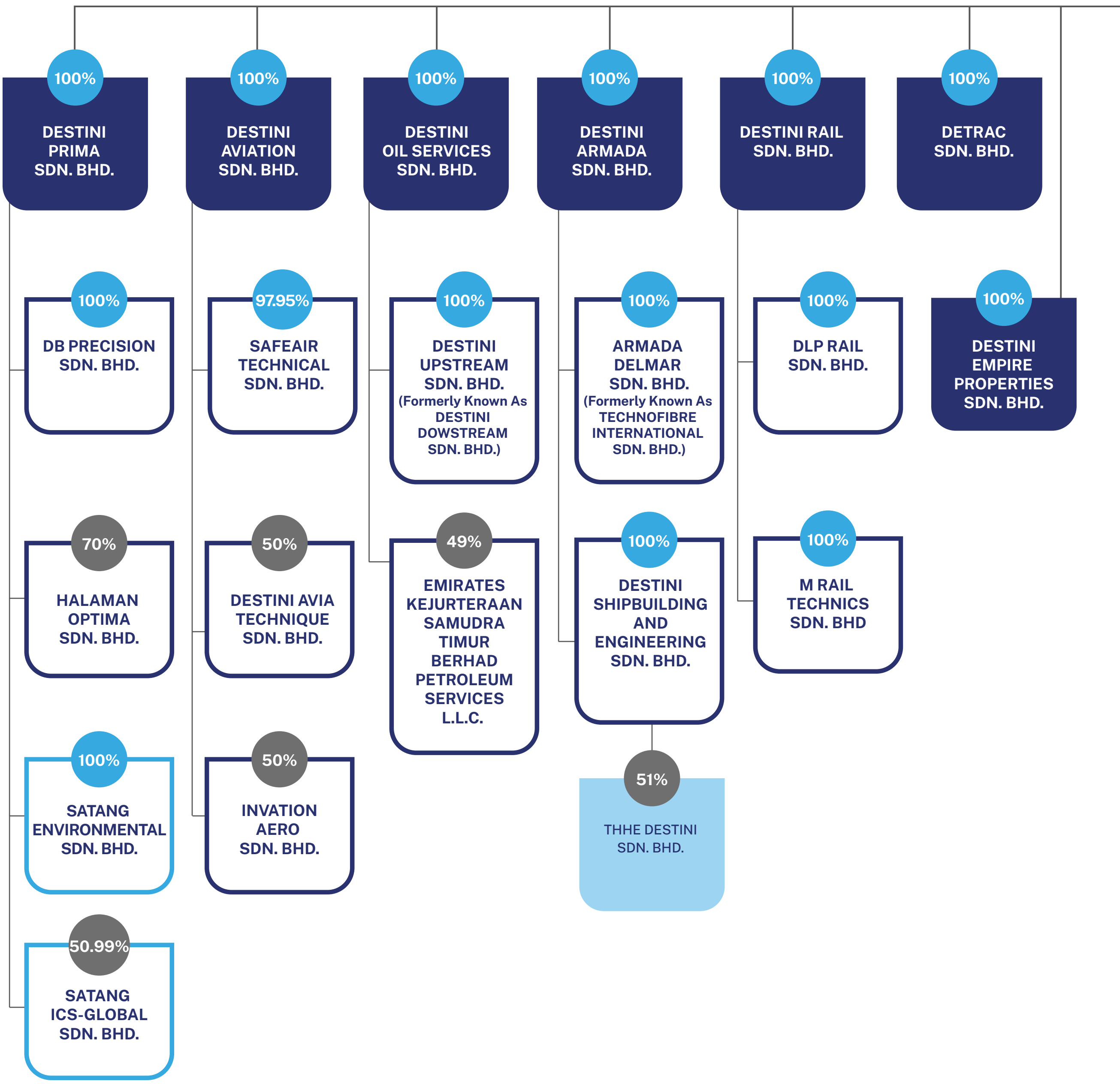
Stock code
7212

Ticker code
-DSTN:MK (Bloomberg)
-DEST.KL (Reuters)

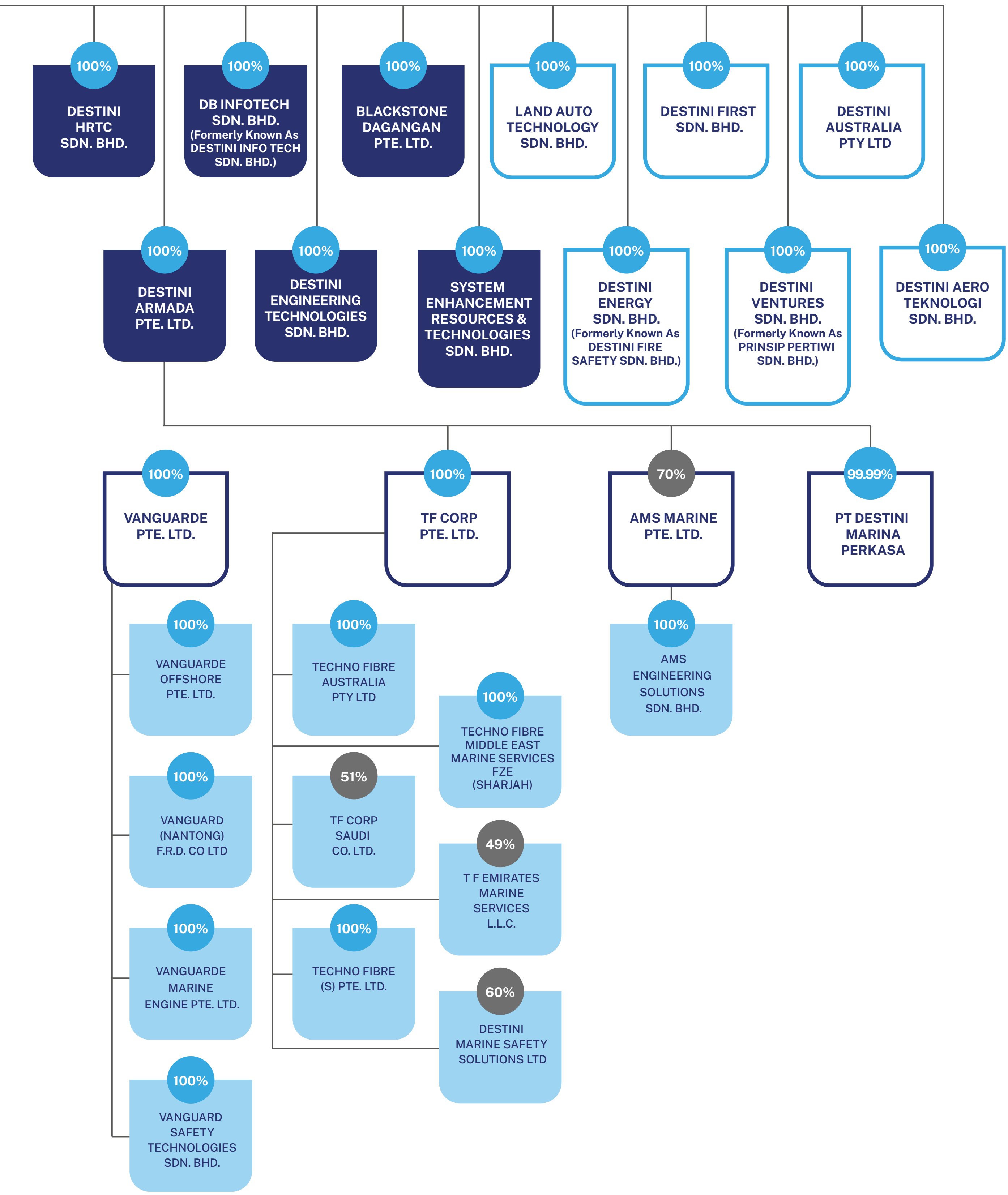
Financial year end
31 December

Corporate Structure

(As At 19 April 2021)



DESTINI


100%
DESTINI HRTC SDN. BHD.
100%
DB INFOTECH SDN. BHD. (Formerly Known As DESTINI INFO TECH SDN. BHD.)
100%
BLACKSTONE DAGANGAN PTE. LTD.
100%
LAND AUTO TECHNOLOGY SDN. BHD.
100%
DESTINI FIRST SDN. BHD.
100%
DESTINI AUSTRALIA PTY LTD
100%
DESTINI ARMADA PTE. LTD.
100%
DESTINI ENGINEERING TECHNOLOGIES SDN. BHD.
100%
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN. BHD.
100%
DESTINI ENERGY SDN. BHD. (Formerly Known As DESTINI FIRE SAFETY SDN. BHD.)
100%
DESTINI VENTURES SDN. BHD. (Formerly Known As PRINSIP PERTIWI SDN. BHD.)
100%
DESTINI AERO TEKNOLOGI SDN. BHD.
100%
VANGUARDE PTE. LTD.
100%
TF CORP PTE. LTD.
70%
AMS MARINE PTE. LTD.
99.99%
PT DESTINI MARINA PERKASA
100%
VANGUARDE OFFSHORE PTE. LTD.
100%
VANGUARD (NANTONG) F.R.D. CO LTD
100%
VANGUARDE MARINE ENGINE PTE. LTD.
100%
VANGUARD SAFETY TECHNOLOGIES SDN. BHD.
100%
TECHNO FIBRE AUSTRALIA PTY LTD
51%
TF CORP SAUDI CO. LTD.
100%
TECHNO FIBRE (S) PTE. LTD.
100%
TECHNO FIBRE MIDDLE EAST MARINE SERVICES FZE (SHARJAH)
49%
T F EMIRATES MARINE SERVICES L.L.C.
60%
DESTINI MARINE SAFETY SOLUTIONS LTD
100%
AMS ENGINEERING SOLUTIONS SDN. BHD.

Subsidiary and Sub-Subsidiaries

(As At 19 April 2021)

Destini Prima Sdn. Bhd. [199101013420 (223732-V)]
Distribution and supply of safety and survival related equipment for defence and commercial aviation and marine industries.

Halaman Optima Sdn. Bhd. [201101004714 (932855-V)]
Manufactures, imports and exports safety and security products and defense equipment.

System Enhancement Resources & Technologies Sdn. Bhd. [200901001316 (844241-K)]
Supplying, servicing and upkeeping of army vehicles, buses as well as supplying motor trolley.

Destini Armada Sdn. Bhd. [199601006251 (378597-W)]
Investment holding.

Destini Shipbuilding and Engineering Sdn. Bhd. [201301037560 (1067389-K)]
Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

THHE Destini Sdn. Bhd. [201601017699 (1188632-X)]
Manufacturer of paramilitary vessels and provides ship repair and marine-related engineering services.

Destini Aviation Sdn. Bhd. [199501038645 (367847-D)]
Investment holding.

Safeair Technical Sdn. Bhd. [200901035396 (878513-M)]
Specialise in aircraft servicing and provide technical ground handling services for commercial airlines operating in Malaysia.

Destini Avia Technique Sdn. Bhd. [201501028007 (1153331-T)]
Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector.

Invation Aero Sdn. Bhd. [201701010172 (1224337-K)]
Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters.

Destini Oil Services Sdn. Bhd. [201001021567 (905337-M)]
Provision of Tubular Running Services (TRS), conductor installation, casing while drilling, drill bits & hole enlargement tools and trading, importing, processing, blending, shipping, transporting, storage and distribution of oil and gas products and its derivatives, including but not limited to Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), Crude Oil, Jet Fuel, Diesel and Gasoline.

Destini Upstream Sdn. Bhd. (Formerly known as Destini Downstream Sdn. Bhd.) [201701001170 (1215320-V)]
Provision of Tubular Running Services (TRS), hammer piling and conductor installation, casing while drilling, drill bit & hole enlargement tools to the oil and gas industry mainly in the drilling activities (upstream).

Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C. (Trade License No. CN-1415749)
Provides oil and gas production facilities operation and maintenance services. Engaged in onshore and offshore oil, gas field and facilities services.

Detrac Sdn. Bhd. [201401025741 (1101831-X)]
Research and development of mechatronic system including software customization, repair and maintenance of electronic systems, support and consultation on system development.

Destini Rail Sdn. Bhd. [201701039771 (1253943-P)]
Operation of mass transit and other urban transport.

DLP Rail Sdn. Bhd. [201901014081 (1323409-M)]
Rail construction, trackworks, systems and communications.

M Rail Technics Sdn. Bhd. [202101013065 (1413364D)]
Maintenance, repair and overhaul of electric trains for domestic and regional markets.

Destini Empire Properties Sdn. Bhd. [201801020429 (1282448-U)]
To acquire by purchase lease, exchange, hire or otherwise, lands and property of any tenure, buildings or any shares.

Destini Engineering Technologies Sdn. Bhd. [200101000901 (536657-H)]
- Maintenance, repair and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas and general contractors, construction of telecommunication engineering and other related services.
- Provision of civil construction and construction of telecommunication construction and engineering as well as other related services.

DB Infotech Sdn. Bhd. (Formerly known as Destini Info Tech Sdn. Bhd.) [200101025896 (561654-M)]
Providing consultancy and solutions services and implementing of high technology and computerised security systems and related services.

Destini HRTC Sdn. Bhd. [201101039136 (967258-X)]
Engaged in providing training and education consultancy.

DB Precision Sdn. Bhd. [201301028120 (1057950-U)]
Engaged in supplying calibration and cylinder services.

Destini Armada Pte. Ltd. (201228769N)
Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipment.

Vanguarde Pte. Ltd. (198700526G)
Manufacture and offers service and maintenance of lifeboats,fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

Vanguard Safety Technologies Sdn. Bhd. [201301003772 (1033613-X)]
Engage in supplying marine related lifesaving equipment,parts and accessories.

Vanguarde Offshore Pte. Ltd. (200923004Z)
Trading in hyperbaric lifeboats. General importers and exporters of marine equipment and accessories.

Vanguard (Nantong) F.R.P. Co., Ltd (3200775411024)
Manufacturing, maintaining and trading of fiber-reinforced plastic ("FRP") ship, FRP products and life-saving equipment.

Vanguarde Marine Engine Pte. Ltd. (201718529N)
- Provision of service activities for oil and gas extraction.
- Provides engineering design and consultancy services.

TF Corp Pte. Ltd. (201310889H)
Investment holding.

Destini Marine Safety Solutions Ltd (SC500305)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Techno Fibre (Australia) Pty Ltd (ACN 103 625 618)
Provides maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping.

Armada Delmar Sdn. Bhd. (Formerly known as Technofibre International Sdn. Bhd.) [200001019664 (522271-P)]
Engaged in lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte. Ltd. (199300541H)
- Repairing and service of fibre composite life boats and davits.
- Building and repairing of ships, tankers and other oceangoing vessels.

Techno Fibre Middle East Marine Services (FZE) (06585)
Providing installation and maintenance of marine equipment.

T F Emirates Marine Services L.L.C. (CN-1916489)
Engaged in the business of onshore and offshore oil and gas field and facilities services, marine machines and equipment repairing and maintenance.

TF Corp Saudi Co. Ltd. (SAGIA License No-12219360655725)
Providing maintenance, installation and repair of marine equipment and trading activities of marine safety products.

AMS Marine Pte. Ltd. (201000817H)
Manufacture ships, tankers and other ocean-going vessels as well as provide ship repair services.

AMS Engineering Solutions Sdn. Bhd. [201701037325 (1251496-M)]
Building and repairing of ships, tankers and other oceangoing vessels.

PT Destini Marina Perkasa (4020022031104317)
Provision of jetty/port operations related services to companies involved with mining activities.

Blackstone Dagangan Pte. Ltd. (202014057M)
Trading of coal.

Land Auto Technology Sdn. Bhd. [201501014248 (1139580-K)]
Dormant.

Destini Ventures Sdn. Bhd. (Formerly known as Prinsip Pertiwi Sdn. Bhd.) [201501013978 (1139310-V)]
Dormant.

Destini Energy Sdn. Bhd. (Formerly known as Destini Fire Safety Sdn. Bhd.) [200001020740 (523347-K)]
Dormant.

Destini First Sdn. Bhd. [199101007464 (217774-M)]
Dormant.

Destini Aero Teknologi Sdn. Bhd. [201101039135 (967257-T)]
Dormant.

Destini Australia Pty Ltd (ACN 158 026 049)
Dormant.

Satang Environmental Sdn. Bhd. [200101011055 (546811-V)]
Dormant.

Satang-ICS Global Sdn. Bhd. [200601021911 (741664-D)]
Dormant.

Board of Directors

1. **Tan Sri Dato' Sri Rodzali Bin Daud**
   Independent &
   Non-Executive Chairman

2. **Dato' Rozabil Bin Abdul Rahman**
   President &
   Group Chief Executive Officer

3. **Syaiful Hafiz Bin Moamat Mastam**
   Non-Independent &
   Non-Executive Director
   (appointed on 26 March 2021)

4. **Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman**
   Independent &
   Non-Executive Director

5. **Dato' Che Sulaiman Bin Shapie**
   Independent &
   Non-Executive Director

6. **Dato' Mohd Zahir Bin Zahur Hussain**
   Independent & Non-Executive Director
   (appointed on 8 October 2020)

7. **Abdul Rahman Bin Mohamed Rejab**
   Executive Director

8. **Norzilah Binti Mohammed**
   Executive Director
   (appointed on 26 March 2021)

9. **Mohd Shihabuddin Bin Mukhtar**
   Non-Independent & Non-Executive Director
   (resigned on 26 March 2021)

10. **Ismail Bin Mustaffa**
    Executive Director
    (resigned on 26 March 2021)

Profile of Directors

Tan Sri Dato' Sri Rodzali Bin Daud
Independent & Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee
Chairman of the Risk Management Committee

Nationality / Age	:	Malaysian / 65
Date of Appointment	:	15 May 2015
Areas of expertise	:	Defence

Qualifications

1. Masters in Defence Studies from Universiti Kebangsaan Malaysia
2. Masters in Strategic Studies from Quaid-i-Azam University, Pakistan

Tenure as Director	:	6 years

Tan Sri Dato' Sri Rodzali Bin Daud has had an illustrious and exemplary career in the Royal Malaysian Air Force ("RMAF"), starting off as an Officer in the RMAF in 1973 until his retirement as the Chief of the RMAF in March 2015.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Nationality / Age	:	Malaysian / 49
Date of Appointment	:	11 November 2010
Areas of expertise	:	Construction, Investment Trading

Qualifications
1. Master in Business Administration from University of Sunderland, England
2. Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur

Tenure as Director : 10 years

Dato' Rozabil @ Rozamujib Bin Abdul Rahman ("Dato' Rozabil") joined Destini as an Independent and Non-Executive Director in November 2010 and was re-designated as the Managing Director in January 2011. Dato' Rozabil was later then re-designated to Group Managing Director in January 2014, prior to becoming the President & Group Chief Executive Officer in April 2018.

His vision and strategies have led to the Group's successful growth track record as well as financial strength and is also instrumental in leading the executive team in implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

Dato' Rozabil started his career as Managing Director and owner of Benar Prima Holdings Sdn Bhd, a holding company that has businesses in engineering, property development and investments. He has diversified interests ranging from construction and property development to trading and serves as director to several other private companies.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Dato' Rozabil Bin Abdul Rahman
President & Group Chief Executive Officer

Chairman of the Option Committee

Profile of Directors

Nationality / Age : Malaysian / 39
Date of Appointment : 26 March 2021
Areas of expertise : Accounting, Finance

Qualifications
1. B.A (Hons) Accounting and Finance, University of East London
2. Diploma in Accounting, Kolej Agama Sultan Zainal Abidin (Kusza), Malaysia
3. Diploma in Public Administration, Institut Tadbiran Awam Negara (INTAN), Malaysia
4. Executive Fellows Programme (EFP),Australia & New Zealand School of Government (ANZSOG

Tenure as Director : 1 month

Encik Syaiful Hafiz Bin Moamat Mastam was appointed to the Board of Destini Berhad in March 2021. He holds a Bachelor of Arts in Accounting and Finance from University of East London, United Kingdom and a post-graduate Diploma in Public Administration from National Institute of Public Administration Malaysia.

His accounting career began in 2003 for various companies prior to joining the civil service in 2007 as an Administrative and Diplomatic Officer for the Prime Minister's Department. He is currently the Administrative & Diplomatic Officer for Government Investment Companies Division at the Ministry of Finance.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Syaiful Hafiz Bin Moamat Mastam
Non-Independent & Non-Executive Director

Member of the Option Committee

Profile of Directors

Nationality / Age : Malaysian / 56
Date of Appointment : 8 January 2013
Areas of expertise : Management Accounting

Qualifications
1. PhD in Management Accounting, University of Edinburgh, Scotland, United Kingdom
2. Master of Accounting (Distinction), Curtin University of Technology, Perth, Australia
3. Fellow Chartered Institute of Management Accountants (CIMA), United Kingdom (FCMA)
4. Chartered Global Management Accountants (CGMA)
5. Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Tenure as Director : 8 years

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Independent & Non-Executive Director

Chairperson of the Audit Committee
Member of the Risk Management Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman is a Senior Professor in Management Accounting at Faculty of Accounting, Universiti Teknologi MARA ("UiTM"). She has about 13 years of administrative posts at UiTM. Currently, she is the Assistant Vice Chancellor at the Institute of Leadership & Quality Management ("iLQAM") and Head of Asian Management Accounting Research Centre ("AMARC"), Accounting Research Institute ("ARI"). She has 30 years of experience in the Education Field with UiTM. She is also actively involved with Chartered Institute of Management Accountants ("CIMA") (UK) activities and CIMA Malaysia Country Branch.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

Profile of Directors

Dato' Che Sulaiman Bin Shapie
Independent & Non-Executive Director

Member of the Audit Committee
Member of the Nomination and Remuneration Committee
Member of the Option Committee

Nationality / Age	:	Malaysian / 64
Date of Appointment	:	8 January 2013
Areas of expertise	:	Finance, Agriculture

Qualifications
Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia

Tenure as Director	:	8 years

Dato' Che Sulaiman Bin Shapie is currently running his own business in various fields. He has over 12 years of experience in the financial and credit management with Bank Islam Malaysia Berhad from 1984 until 1996.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Profile of Directors

Nationality / Age : Malaysian / 46
Date of Appointment : 8 October 2020
Areas of expertise : Finance

Qualifications
1. Bachelor of Commerce (Accounting) from University of New South Wales, Sydney, Australia
2. Oxford Global CEO Program from Said Business School, Oxford University, United Kingdom
3. Certified Financial Planner
4. Member of Malaysian Institute of Accountants
5. Fellow at Chartered Accountants Australia & New Zealand

Tenure as Director : 6 months

Dato' Mohd Zahir Bin Zahur Hussain was appointed to the Board of Destini Berhad in October 2020. He holds a Bachelor of Commerce (Accounting) from University of New South Wales, Australia.

He has an established career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche both at their Malaysia and overseas offices.

He has extensive experience in the fields of auditing, accounting and finance and is currently a member of Chartered Accountants Australia and New Zealand as well as the Malaysian Institute of Accountants.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Dato' Mohd Zahir Bin Zahur Hussain
Independent & Non-Executive Director

Member of the Audit Committee
Member of the Nomination and Remuneration Committee

Profile of Directors

Abdul Rahman Bin Mohamed Rejab
Executive Director

Member of the Risk Management Committee

Nationality / Age	:	Malaysian / 55
Date of Appointment	:	3 January 2011
Areas of expertise	:	Finance, Construction

Qualifications
Bachelor Degree in Finance from St. Louis University, Missouri, United States of America.

Tenure as Director	:	10 years

Encik Abdul Rahman Bin Mohamed Rejab has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad. He exited the financial sector to join the Company as an Independent Non-Executive Director in January 2011. He then re-designated to an Executive Director in October 2012.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Profile of Directors

Nationality / Age : Malaysian / 56
Date of Appointment : 26 March 2021
Areas of expertise : Banking, Risk Management, Finance, Operations & Management, Business Administration

Qualifications

1. Bachelor of Science in Business Administration in Accounting from California State University, Sacramento, United States of America
2. Qualified Risk Director from the Institute of Enterprise Risk Practitioners
3. Completed Womens Directors Onboarding Training Programme from the Malaysian Directors Academy (MINDA) and NAM Institute for the Empowerment of Women (NIEW)

Tenure as Director : 1 month

Norzilah Binti Mohammed
Executive Director

Puan Norzilah Binti Mohammed has over 30 years of experiences in the banking, risk management, finance, business administration and operation & management. She was previously the Group Deputy Chief Executive Officer for 2 years and was appointed to the Board of Destini Berhad as Executive Director in March 2021.

She has had an illustrious career in the banking field with EXIM Bank with her last position as the President and Chief Executive Officer, prior joining Destini.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

Profile of Directors

Mohd Shihabuddin Bin Mukhtar
Non-Independent & Non-Executive Director

Member of the Option Committee

Nationality / Age	:	Malaysian / 42
Date of Appointment	:	18 October 2018
Date of Resignation	:	26 March 2021
Areas of expertise	:	Accounting, Finance

Qualifications
1. Masters in Finance from the University of Adelaide, Australia
2. Bachelor of Electronics Engineering (Hons) from Multimedia University, Malaysia
3. Diploma in Public Administration from the National Institute of Public Administration, Malaysia
4. Chartered Financial Analyst (CFA) charter holder from CFA Institute, United States of America
5. Certificate member of Chartered Institute of Purchasing & Supply (CIPS), United Kingdom
6. Graduate member of Board of Engineers (BEM), Malaysia

Tenure as Director : 2 years

Encik Mohd Shihabuddin Bin Mukhtar joined the Board of Destini Berhad in October 2018. Prior to his resignation from the Board on 26 March 2021 for his secondment as a representative of the Ministry of Finance (“MOF”) at the World Bank in Washington, USA, he was the Senior Private Secretary to the Secretary General of MOF. His career began in 2002 as a telecommunication engineer at TM Cellular Sdn. Bhd.

He then joined the civil service in 2003 as an Administrative and Diplomatic Officer. He has held various positions predominantly in financial and investment management functions for several ministries and departments within the Malaysian Civil Service.

He had also served a year of secondment in Shell Malaysia Limited as a Senior Finance Analyst.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Profile of Directors

Nationality / Age : Singaporean / 58
Date of Appointment : 30 May 2017
Date of Resignation : 26 March 2021
Areas of expertise : Accounting, Finance

Qualifications
1. Bachelor of Science (Hons) in Finance and Accounting from University of Salford, England
2. Diploma in Business Studies from Ngee Ann Polytechnic, Singapore
3. General Management Programme from National University of Singapore

Tenure as Director : 3 years

Ismail Bin Mustaffa
Executive Director

Encik Ismail Bin Mustaffa started his career in 1990 as an Audit Senior with Foo, Kon & Tan Grant Thornton in Singapore and became a Financial Analyst for United Parcel Service Inc in 1992.

Subsequently in 1994, he was appointed as the Finance and Administration Manager for The Majlis Ugama Islam Singapura ("MUIS"), a statutory body under the Ministry of Community Development Singapore. From 1998 to 2001 he served as the Assistant Director for Mendaki Foundation and Mendaki Holdings Pte Ltd.

He has over 30 years of experience in the auditing, accounting, fund management and corporate finance services. Before joining Destini, his last attachment was with Al-Hidayah Investment Bank (Labuan) Ltd for 6 years since 2005 as the Chief Executive Officer.

Prior to joining the Board in May 2017, Encik Ismail was appointed as Destini's Director of Strategic Planning and International Operations 2011. In March 2021, he was re-designated to focus on Destini's marine operations in Singapore.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Key Senior Management

Dato' Rozabil Bin Abdul Rahman
President & Group Chief Executive Officer

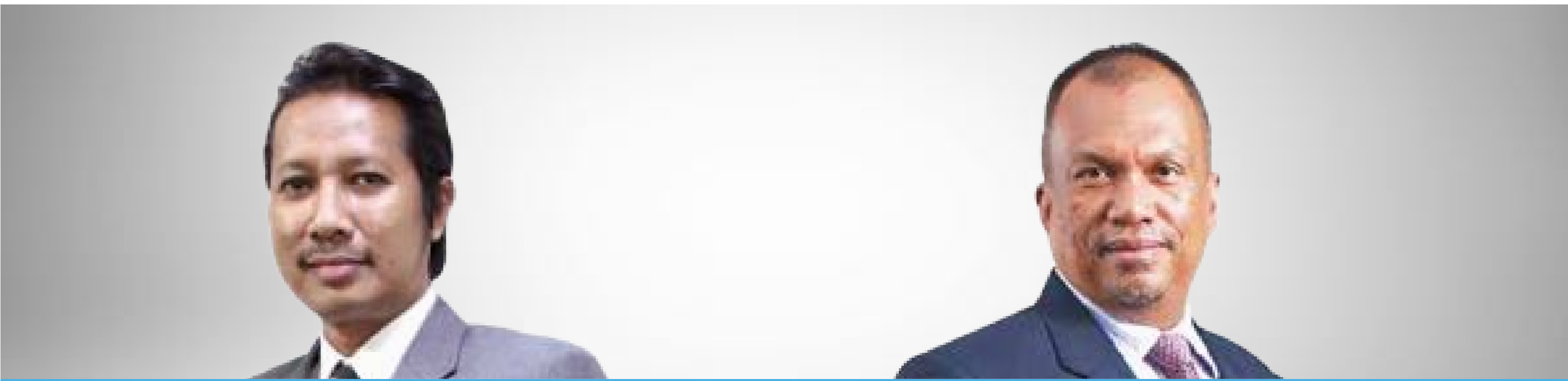
(His profile is set out in the Board of Directors Profile)

Abdul Rahman Bin Mohamed Rejab
Executive Director

(His profile is set out in the Board of Directors Profile)

Norzilah Binti Mohammed
Executive Director and Chief Executive Officer of Destini Oil Services Sdn Bhd

(Her profile is set out in the Board of Directors Profile)



Shamsudin Bin Hoosian
Group Chief Internal Auditor

Date of Appointment : March 2020
Areas of Expertise : Internal Audit and Risk Management, Banking and Insurance Audit

Qualifications
- Bachelor's Degree in Accountancy from UiTM, Malaysia
- Certified Banking Auditor ("CBA") from Asian Institute of Chartered Bankers
- Qualified Risk Auditor ("QRA") from Institute of Enterprise Risk Practitioners
- Certified Internal Auditor for Financial Institutions ("CIAFIN") from Institute of Bankers Malaysia
- Certified Credit Professionals ("CCP") from Institute of Bankers Malaysia
- Certified in Shariah Concept and Islamic Banking from Islamic Banking & Finance Institute Malaysia
- Certified Risk Professionals from Bank Administration Institute ("BAI") Center for Certification

Working Experience
- Chief Internal Auditor/ Senior Vice President II, EXIM (2013–2019)
- Chief Internal Auditor/ Vice President, Zurich Insurance Malaysia Berhad (2008-2013)
- RHB Bank Berhad (1996–2007)
- Department Head/ Vice President, Network Operations Audit Department
- Section Head/ Assistant Vice President, RHB Islamic Banking Audit
- Section Head, Risk Review & Control Self- Assessment Section
- Team Leader, Control Self-Assessment Section
- Team Leader, Regional Office Audit
- Internal Auditor, Branches Audit

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Aris Kefli Bin Mohamad Yusof
Group Chief Financial Officer

Date of Appointment : May 2017
Areas of Expertise : Accounting

Qualifications
- A member of Malaysian Institute of Accountants, Malaysia
- Chartered Institute of Management Accountant, United Kingdom
- A member of Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, United Kingdom
- Advance Diploma in Accountancy, UiTM

Working Experience
- Head of Accounts and Finance, Destini Berhad (2012 – 2017)
- Chief Financial Officer, Imatex Berhad (2000–2012)
- Accountant, U-Wood Holding Berhad (1996–2000)
- Senior Accounts Executive, Propel Berhad (1993–1996)

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences,if any.

Key Senior Management

Shirad Bin Anuar
Senior Vice President, Legal and Secretarial

Date of Appointment : March 2017
Areas of Expertise : Law and Corporate Secretarial

Qualifications
- Master in Business Administration in Islamic Banking and Finance from International Islamic University Malaysia
- LLB (Hons) Degree from Wolverhampton Polytechnic
- Certificate of Legal Practice
- Licensed Company Secretary

Working Experience
- Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad (2013–2017)
- Legal Advisor, Naza TTDI Sdn Bhd (2011-2013)
- Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd (2009–2011)
- Legal Advisor, Pantai Holdings Berhad (2007–2009)
- Legal Advisor, Landmarks Berhad (2001–2007)
- Legal Manager, DRB-Hicom Berhad (1997–2001)
- Assistant Legal Manager, Faber Group Berhad (1995 – 1997)
- Magistrate (1991–1995)

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

Noorhayati Binti Jali
Senior Vice President, Treasury

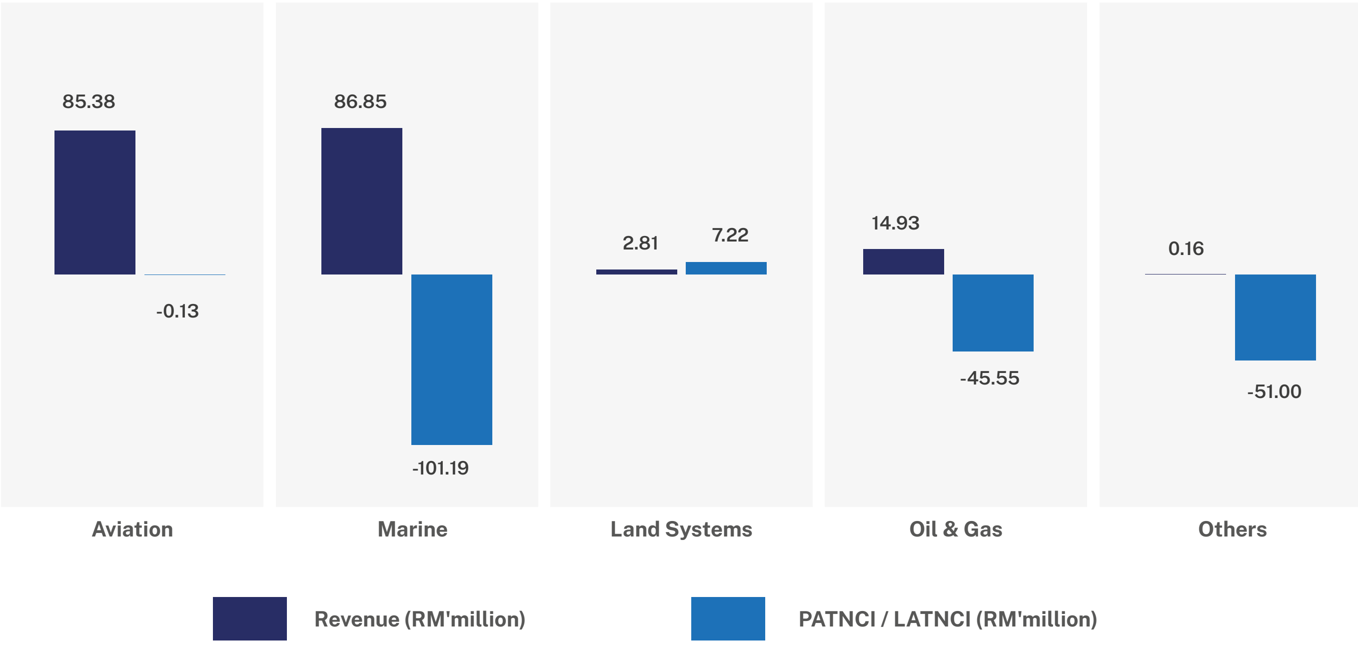
Date of Appointment : July 2018
Areas of Expertise :
1. Accounts and Finance
2. Financial Management
3. Investment Management

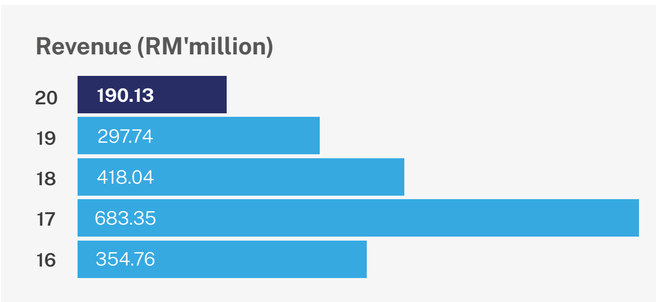
Qualifications
- Master's in Business Administration, Finance from University Utara Malaysia, City Campus, Kuala Lumpur
- BA (Hons) Accounting and Finance from South Bank University London, United Kingdom
- Diploma in accountancy, MARA Institute of Technology Perlis, Malaysia
- Associated Member of the Financial Planning Association of Malaysia ("FPAM")

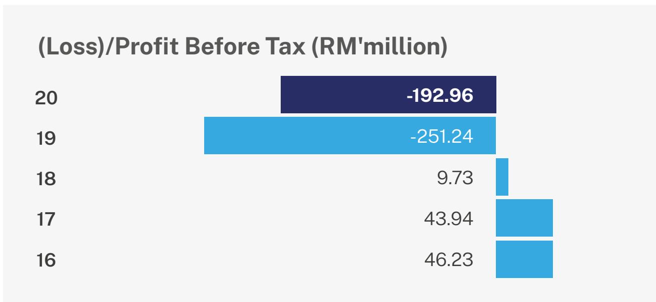
Working Experience
- Head of Finance–Education Department, Yayasan AMIR, a non-profit initiative by Khazanah Nasional Berhad (2013-2016)
- Finance Consultant, UITM Holdings Sdn Bhd (2012–2013)
- Head of Finance, Envair Holdings Berhad (2011–2012)
- Chief Financial Officer, Viztel Solutions Berhad (2006 – 2010)
- Senior Manager, Accounts and Finance, Benar Prima Capital Sdn Bhd (2005-2006)
- Chief Financial Officer, MNR Consolidated Berhad (1999–2004)
- Credit Executive – Accounts Payable, Sunway Hotel Seberang Jaya, Penang (1997–1988)
- Operations Officer, Bank of Commerce Penang (1995)

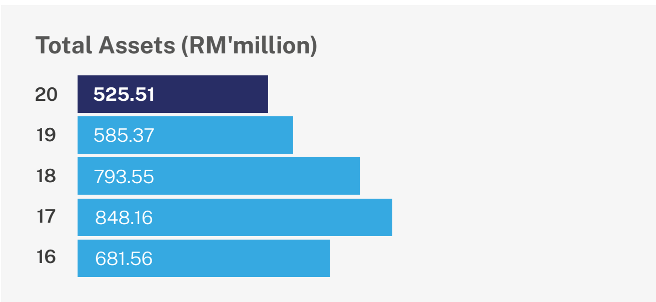
She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

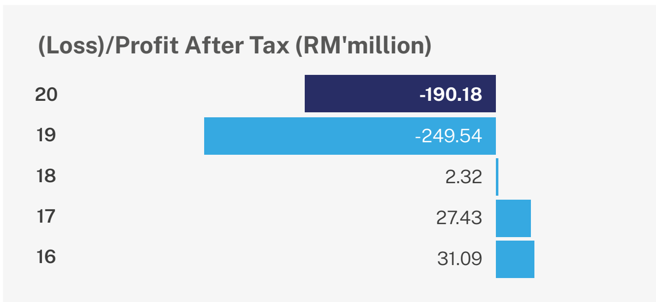
Our Performance

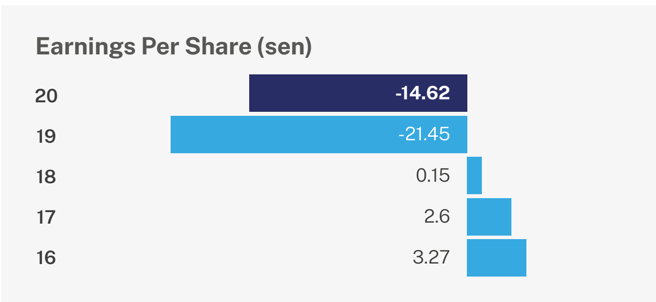


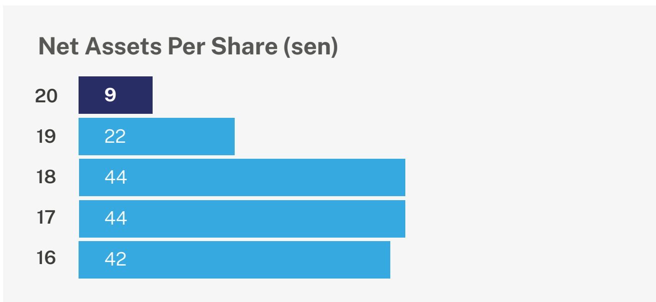












Chairman's Letter

Dear Valued Shareholders,

On behalf of the Board of Directors of Destini Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the year 2020.

> **Like many businesses, Destini was not spared operationally and financially by the impact of the pandemic. Many strategies were planned out and executed to ensure that the Group remains sustainably operational throughout the year.**

Tan Sri Dato' Sri Rodzali Bin Daud
Independent & Non-Executive Chairman

The year 2020 was an unprecedented year and proved to have hosted the most challenging of business conditions from the impact of the COVID-19 pandemic. Lockdown measures imposed by Governments around the world to curb the spread of the virus saw widespread economic disruption that saw the collapse of oil prices and sent the global economy into recession.

The outbreak came hot on the heels of an already cautious start of the year amidst the anticipated US presidential elections and the continuing trade tension between the US and China as well as the ongoing Brexit negotiations. Meanwhile, the local markets and business environment was feeling the spillover effects of yet another unprecedented political development.

In response to these challenges, the Government took immediate action to revive the economies with financial relief measures which provided financial assistance to households and businesses as well as a blanket moratorium on the repayment of bank loans.

Heightened volatility and uncertainties in most business environments saw the emergence of new ways of working as businesses and individuals adapted to the realities imposed by the pandemic. New technologies were embraced to overcome restrictions of basic physical distancing guidelines and other standard operating procedures ("SOP") aimed at reducing the infection rate of the virus.

The year saw the greatest adoption of digital communication in which Destini had embraced with its first Virtual Annual General Meeting with its shareholders who were able to successfully exercise their rights.

Like many businesses, Destini was not spared operationally and financially by the impact of the pandemic. Many strategies were planned out and executed to ensure that the Group remains sustainably operational throughout the year.

The Group also took on numerous precautionary measures to alleviate the impact of the pandemic financially and non-financially. Precautionary measures were taken to safeguard our operations and employees which starts with a screening process when entering office premises. The Group had also made the decision to primarily work from home during the first half of the year to secure continuity of critical functions while preserving the health and safety of employees.

In addition to that, Destini contributed to the well-being of the nation through the donation of personal protective equipment which addressed the supply shortage in the country at that time.

Facial masks and hand sanitizers were donated to the pandemic defence line who were tasked to keep the movement restrictions in order. The Group had also donated facial masks and hand sanitizers to school children at rural areas who were in need of this current basic necessity.

Further details of Destini's operations during the year and it's plans for the future will be discussed in the Management Discussion and Analysis of this Annual Report on page 34 to 41.

Meanwhile, as the global containment of the COVID-19 pandemic is still uneven and fragile, it remains to see how key economic indicators will continue to be influenced in 2021 as the Malaysian economy is expected to grow between 6.5% and 7.5% in 2021 from a decline of 5.6% in 2020 from a rebound in trade figures, a decline in unemployment and a recovery in private consumption in the second half of the year in review.

It will take time for global normalcy to return and businesses to operate in an environment like before, despite these challenges, business will remain as usual for the Group to ensure that it remains sustainable and to ensure that it is also able to service its clients as promised.

Tan Sri Dato' Sri Rodzali Bin Daud
Independent & Non-Executive Chairman

Management Discussion and Analysis

Dato' Rozabil Bin Abdul Rahman
President &
Group Chief Executive Officer

Norzilah Binti Mohammed
Executive Director

Abdul Rahman Bin Mohamed Rejab
Executive Director

Dear Shareholders,

Destini began 2020 with optimism from plans and strategies in place to ensure a solid performance for the Group during the year. However, in the first quarter of the year, concerns rose over the emergence of a new novel coronavirus that was rapidly spreading across borders.

The virus, which had turned into an outbreak, saw many lockdown measures imposed by Governments around the world to curb the COVID-19 pandemic. With various lockdowns imposed, the world saw widespread economic disruption from uncertainties and market volatility that sent the global economy into a recession and the collapse of oil prices.

Global oil demand had already begun to decline even before COVID-19 was declared a pandemic as the Saudi Arabia and Russia's oil price war caused an oversupply and eroded oil prices. By the end of the price war, oil prices were already at a freefall during the height of the pandemic.

This had a systematic impact on the local market which saw the benchmark FTSE Bursa Malaysia KLCI (FBMKLCI) sink to a 11-year intraday low of 1,207.80 points on March 19, 2020. Bank Negara Malaysia had to cut the benchmark interest rate, the overnight policy rate four times during the year to a record low of 1.75%. Despite these challenges, the FBMKLCI ended the year as one of the best-performing exchanges in the ASEAN region with the FBMKLCI closing 2.4% higher for the year.

Due to the adverse impact of the pandemic which took a toll on many Malaysian's wellbeing, the Government announced various economic stimulus which saw an expenditure to a tune of RM305 billion, or about 20% of the country's Gross Domestic Product ("GDP") which contracted by 5.6% in 2020, which is the lowest contraction since 1998 which was by 7.4%.

In the efforts to break the transmission of the virus, the Government implemented various Movement Control Order's (MCO) since March 18, 2020. Restrictions on mobility hampered the performance of economic activities which disrupted domestic supply and demand. Although Destini is part in parcel of the Governments' classification of "essential services", we were not spared by these disruptions which also meant less activities for the Group.

Achievements in 2020

Although the year in review came with many headwinds which predominantly came because of the pandemic, Destini was still able to secure several contracts wins to replenish its order book.

In April 2020, Destini's wholly-owned subsidiary Destini Oil Services Sdn Bhd ("DOS") was awarded a four-year contract for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia) Limited's drilling campaign in Sarawak, Malaysia.

Two more awards were secured by the Group in July the same year. A mechanical and electrical systems contract was also awarded to Destini's wholly-owned subsidiary Destini Engineering Technologies Sdn. Bhd. The contract which was awarded by Wira Syukur (M) Sdn Bhd worth RM17.39 million was to provide such services for the commercial development of GrenePark Village in Semenyih.

Meanwhile, Destini's wholly-owned subsidiary Destini Prima Sdn Bhd ("DPSB") was awarded a contract to supply non-proprietary aircraft parts for the Royal Malaysian Airforce from the Ministry of Defence ("Mindef"). This contract would allow DPSB and 29 other local companies identified by the ministry to participate in parcels of bidding should RMAF require non-proprietary aircraft parts that has a combined ceiling value of RM121 million.

DPSB had also in December receive an award from MinDef for the extension of an existing contract to provide maintenance, repair and overhaul ("MRO") services and the supply of safety and survival related equipment for the RMAF for an additional RM30.37 million.

Destini ended the year with an order book of RM523.50 million with the bulk of it from equal contributions from its Marine and Energy divisions.

Financial review

Against the backdrop of unprecedented uncertainty, Destini saw its revenue decreased by 36% to RM190.13 million for its financial year period ended December 31, 2020 ("FY2020") from RM297.74 million in FY2019. The decrease in revenue was due to the slowdown in the Group's business activities which meant reduced billings in the Group's four core divisions.

On the back of a decreased revenue, Destini's loss after tax and non-controlling interest ("LATNCI") narrowed by 23% to RM190.64 million in FY2020 from RM247.82 million in the preceding year's corresponding period. The lower loss for the year was a result of significant provisions made on business segments which were directly affected from the pandemic and may be exposed to high risks of business sustainability.

As mentioned earlier, MCO's were implemented by the government restricted mobility for many for most of the year 2020. These restrictions created a weak client sentiment and a halt in business activities which caused delays in project execution across the Group as obstruction in the chain supply and services is evident.

Destini was not able to execute its projects in hand as scheduled amid the MCO. Nevertheless, we continued to incur fixed costs, overheads and operating expenses to ensure all the projects are progressing even though at a slower scale. In addition to the normal operating costs, Destini has to absorb overheads arising from the pandemic and additional costs on industry Standard Operating Procedure ("SOP") adherence.

This translated into margin compression which in turn was insufficient to cover the Group's overall administrative expenses that saw an increase against the reduction in revenue.

In our Operational Review, we will elaborate further on each of the Group's core divisions financial and operational analysis for a more comprehensive overview.

Management Discussion and Analysis

Operational review

- Destini's aviation and defence division recorded an increase in revenue of RM85.38 million in FY2020 from RM48.97 million a year before. On the back of higher revenue, the division narrowed its losses to a LATNCI of RM0.13 million from a LATNCI of RM48.98 million in FY2019.
- In 2020, many flights were grounded due to the COVID-19 pandemic which saw many countries closed its boarders. The local aviation industry saw passenger movement decline by 75.5% against 2019 with 25.8 million passengers. In tandem, local commercial aircraft movements declined by 61% to 348,787 in 2020.
- With the decline in aircraft movement and the closure of many country borders, Destini's commercial aviation business was impacted and saw zero revenue as the Group was not able to service its customers who are mainly foreign airline operators.
- The Group remains cautious on its business in commercial aviation as the aviation landscape remains challenging and uncertain on the timeline of its recovery.
- On the defence segment, despite securing two contracts during the year, the Group saw slower progress in project execution and lower demand for MRO services due to the MCO imposed by the Government. With less opportunities, Destini saw less billings within this division.
- Meanwhile, the Malaysian Government had in December 2019 gave its approval for the Group to continue executing its remaining contract obligations in the MD350G program for a scheduled delivery in 2020. However, the delivery from the United States of America was delayed as certain contract obligations were hampered by the pandemic which had struck the country hard.
- Nevertheless, Destini remains committed to fully execute its contract obligations and have the helicopters delivered in 2021.

Management Discussion and Analysis

Marine

- Destini's marine division recorded a decline in revenue of RM86.85 million in FY2020 from RM172.84 million a year before which resulted in a LATNCI of RM101.19 million from a LATNCI of RM66.12 million in FY2019.
- Destini's marine division is the highest contributor to the Group's revenue from its shipbuilding projects despite a slowdown in project execution during the year which was due to restrictions from the pandemic.
- The fabrication of three Offshore Patrol Vessels ("OPV") saw a delay from not being able to receive construction materials on time. About 70% of the ship's construction materials are sourced overseas and most of the items are shipped from China which went through a total lockdown in early 2020. The inability to secure construction materials due to the lockdown disrupted the timing of the project delivery.
- Seeing the delays in project execution, Destini requested for an extension of time and the Government had in November 17, 2020 approved an extension of time for the supply, delivery, testing and commissioning of the OPV's for the Malaysian Maritime Enforcement Agency ("MMEA") with effect from August 23, 2020 to August 22, 2022. As at December 2020, the OPV project is 74% complete.
- However, despite these turbulences, Destini was still able to deliver three airboats and two New Generation Patrol Craft's ("NGPC") for the MMEA.
- Meanwhile, Destini's lifeboat manufacturing factory in China had to put its operations at halt from the lockdown in the country. During the year in review, Destini was only able to build 27 lifeboats and 20 davit systems.
- Global lockdowns took a toll on the Groups marine operations in which ongoing projects had to go through extensions, which in turn resulted in additional costs for the Group to absorb on top of existing fixed costs for these projects.
- In addition to that, Destini's marine division was unable to replenish its order book because there were no tenders out for bidding. This had further added pressure on administrative expenses which compressed margins for the marine division.
- Moving forward, Destini plans on completing its delayed projects as promised to its clients while keeping a close ear on the ground for potentially new opportunities.

Management Discussion and Analysis

Operational review

- Destini's energy division recorded a decline in revenue of RM14.93 million in FY2020 from RM74.26 million a year before. On the back of lower revenue, the division slipped into the red with a LATNCI of RM45.55 million from a PATNCI of RM1.73 million in FY2019.
- The reduction in income from this division was due to project deferments from oil majors due to budget constraints and uncertainties in the oil and gas business environment whereby most projects that were slated for execution on 2020 was pushed to 2021 instead.
- Project costs was incurred as a preparation for contract mobilization, while decision on deferment by clients were post contract acceptance. The energy division also saw a rise in costs in order to comply with COVID-19 SOP requirements which were added into the equation. The unforeseen business situation has driven the Groups' energy division to take a big hit during the period under review.
- Consequently, the Group embarked on a cost reduction exercise that included staff downsizing within the energy division. However, the impact from staff pay-out during the downsizing exercise is still reflected in the Group's 2020 accounts.
- Although oil and gas price is expected to further rebound in 2021 as demands pick-up from the re-opening of many economies, Destini has taken prudent steps to ensure that its foothold in the energy industry remains significant.
- In doing so, the Group re-strategized and shifted its sights to venture into renewable energy.
- In October 2020, Destini Oil Services Sdn Bhd was granted an LNG import and shipping license by the Energy Commission of Malaysia. With these licenses in place, the Group intends to embark into importing and supply of LNG to bridge the shortage of power and industrial demand for greener fuel and feedstock in Malaysia.
- By having these licenses Destini is able to jump-start in its efforts to realise opportunities within the renewable energy segment as LNG demand is expected to continue its growth and to account for a bigger market share in 2021 in terms of supply for power production.
- Our venture into renewable energy also grows in tandem with major economies putting an emphasis on investments in sustainable and renewable energy as the global goal of achieving net-zero emission was made even more urgent by the pandemic which prompted many oil majors to diversify in response.

Rail & Land Transport

- Destini's rail and land transport division recorded an increase in revenue of RM2.81 million in FY2020 from RM1.27 million a year before. The increase in revenue saw the division registering a PATNCI of RM7.22 million from a LATNCI of RM12.43 million in FY2019. This division returned to the black from the recovery of doubtful debts.
- During the year in review, this division successfully delivered seven 40-seater passenger busses built for the Ministry of Education. These busses are intended for general daily usage for schools in Negeri Sembilan, Melaka and Johor.
- Although this division saw successful deliveries, they were not able to replenish its order book with major contracts because there were no contracts up for bidding in 2020 due to the pandemic which shifted the Governments budget into sustaining the well-being of the country.
- As a way forward, Destini is constantly engaged with the Government, rail operators and land transport operators for opportunities in supplying and maintaining assets within the industry in Malaysia and the region.

Management Discussion and Analysis

Operational review

Strategic refresh

From the unprecedented developments in 2020, Destini has turned the page on a new strategic roadmap that outlines the Groups goals and key initiatives for the next few years. Many lessons were learnt during the pandemic which ultimately endorsed these new strategies in place.

Our first agenda for the Group is to restructure and reorganize the Group into a leaner corporate model. Our business divisions are now called Aviation and Defence; Marine; Energy; and Rail and Land Systems and each would have one direct reporting line to ensure information is communicated efficiently.

Each business division is to continuously build and strengthen its core competencies within each of its industries in response to the changing needs and appetite of growing client base and the everchanging operating environment.

Operationally we will keep on driving towards increasing productivity through process improvement, digitalization and automation to achieve higher operational efficiency and effective project management.

Also, part of the initiative, several committees were formed within the holding company level to discuss and analyse potential risks identification, operation cost optimization and to keep abreast in project process tracking for each business division to ensure its viability and sustainability.

Risk and opportunities

In 2019, a working management committee which consisted of the Group's top management team was established. With new strategies in place, many risks and opportunities were evaluated during the year in review by the committee members.

Decisions made by the committee was against the backdrop of maintaining the financial strength of the Group which is crucial in preserving investor confidence in Destini's ability as an integrated engineering solutions provider within the industries it is in, particularly during times of uncertainty.

This factor also ensures that Destini would have sufficient financial resources to pursue strategic investments that will unlock greater value for our stakeholders and help us withstand shocks within the volatile business environment.

Several new policies and procedures were also implemented within the Group to embed a strong culture of corporate governance and to reduce the risk of business interruption.

As such, the Group envisions that it would able to enhance and ensure Destini's business continuity and to propel the Group ahead of its local and regional competitors through operational excellence.

The journey continues

As we take our steps forward, we take into account the lessons learnt during the pandemic with renewed hope. As mentioned, after a year filled with uncertainties, Destini has taken pre-emptive measure to be resilient in weathering the current challenging environment.

In the following years, on top of renewed business assessments and a focus on its core competencies, the Group will also focus more in strengthening its balance sheet and managing its cashflow prudently.

Plans, controls, regular review and actions will be taken to tighten capital expenditure, and operating expenditure. Assessments on investments will be done diligently to ensure optimisation of the Group's balance sheet, including its capital structure, when necessary.

Destini would also start on re-evaluating its non-core assets and will reorganise or dispose of it to ensure that the Group would be able to minimise its losses in these non-core assets. Destini has not only implemented a series of cost efficiency measure to ensure its sustainability but also laid a strategy to enhance its current capabilities for expansion into new potential businesses within its related core competencies.

The Group's four core businesses are categorised as an "essential business" and business continuity should bode well as the economy slowly recovers from the impact of the pandemic.

Furthermore, although the pandemic introduced uncertainties in the economy, we are confident that with the Governments stimulus packages, the gradual opening of the economy and with the COVID-19 vaccine roll-out planned for 2021 will aid the country's economic recovery and Destini is hoping that it's business would return back to normal by the end of the year, albeit a challenging and competitive operating environment.

Nevertheless, the Group remains cautiously optimistic to weather through these uncertainties and ride on any opportunities there are in the market in 2021. The Group will also focus on the execution and safe delivery of its ongoing projects as it remains as a key priority of the Group.

Management Discussion and Analysis

Acknowledgments

The Group would like to extend a warm welcome to several new members of the Board who joined us in 2020. With their vast experience in their respective fields, Destini hopes to enhance its Board diversity and enhance its competitive strengths.

In October 2020, the Group saw the appointment of Dato' Mohd Zahir Bin Zahur Hussain as an Independent and Non-Executive Director who replaced Encik Mohd Noor Bin Hussen who resigned from the board in April the same year to pursue other interests.

Meanwhile, in March 2021, the Group saw several movements within the Board. Puan Norzilah Mohammed was re-designated as Destini's Executive Director from her previous post as Group Deputy Chief Executive Officer. She also helms as Chief Executive Officer ("CEO") of DOS.

Encik Ismail Mustaffa on the other hand was appointed as the CEO of Destini Armada Pte Ltd where he will spearhead the Group's entire marine related business from Singapore. In his new role, he has resigned from his role as Executive Director.

The Group also saw the resignation of Encik Mohd Shihabuddin Mukhtar whose tasks was reassigned by the Ministry of Finance Malaysia to a secondment to The World Bank in Washington, USA. Following his resignation, Encik Syaiful Hafiz Moamat Mastam appointed as a Non-Executive and Non-Independent Director to replace Encik Mohd Shihabuddin.

We would also like to give credit to our employees who remained loyal to the Group during its trying times. Together we remained steadfast in carrying our duties in ensuring that the Group remained in operation and accessible throughout the pandemic. We look forward to further developing the Group together.

Sustainability Report

SUSTAINABILITY STATEMENT

This Sustainability Statement provides an overview of our efforts performance and achievements in delivering sustainable, economic, environmental and social values to our stakeholders during the year 2020.

Sustainability has always been a pillar of the Group's culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our Environmental, Social and Governance Policy.

OUR POLICY ON SUSTAINABILITY

- **Embrace Sustainability in Organisation Culture**
- **Capitalise on Technology and Information**
- **Strengthen the Core**
- **Build Regional Global Connectivity**
- **Foster High Performance Partnership**

The Group's continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to formulate strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

However, maintaining business sustainability during the COVID-19 pandemic has been a challenging due to the constraints applied through the government's implementation of the Movement Control Order ("MCO") to control the outbreak which was then followed by Conditional MCO and subsequently Recovery MCO. Our efforts have undoubtedly been hampered but we persisted nonetheless as business sustainability is and remains a central feature of approach in our core values.

Service & Product Quality | **Technology** | **Management** | **Talent**

ECONOMIC	ENVIRONMENT	SOCIAL
Sustaining our economy Delivering sustainable returns to our shareholders Delivering quality services and products to achieve customers' satisfaction	**Conserving our environment** Protecting and preserving the environment	**Building a resilient workforce** Ensuring a positive workplace for our employees **Serving our community** Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

This Statement covers Destini Berhad and its subsidiaries. Information disclosed in this Statement encompasses our four core divisions which are aviation & defence, marine, energy as well as rail and land transport. These four core divisions have a wide footprint that spans from Malaysia to Singapore, Australia, China, the Middle East and United Kingdom.

DESTINI

Aviation & Defence

- Maintenance, repair & overhaul ("MRO") for the armed forces and civil airline aircraft and helicopters
- Supplies aviation safety and survival-related equipment
- Aircraft search, rescue and salvage
- Technical Line Maintenance and Fixed-base Operation Services for civil airlines
- MRO for civil airline components
- Ground handling services for commercial airlines

Marine

- Manufactures lifeboats, fast rescue boats, davit systems and hooks
- Provides MRO services to defence and security vessels, lifeboats, davits, load testing equipment, fire safety and others
- Provides safety and survival-related equipment MRO for government and maritime agencies, locally and globally
- Fabricates vessels of up to 80 meters in length for defence and security vessels

Rail & Land Transport

- Assembles, fabricates, refurbishment and MRO for:
  - Vehicles for armed forces, police and other government agencies
  - Security vehicles for commercial use
  - Motor trollies, wagons and road-rail vehicles for the rail sector
  - Rail systems
- Supplies of electronic equipment, surveillance and tracking systems, spare parts, components and accessories

Energy

- LNG supply
- Renewable energy
- Oil field decommissioning and well plug abandonment
- Provides tubular handling equipment and running services for oil and gas exploration and production
- Provides bucking services and hammer services for well drilling
- Provides thru-tubing workover /completion systems and a variety of thru-tubing packer systems for remedial wellbore operations

Sustainability Report

SUSTAINABILITY GOVERNANCE

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committee.

Board of Directors

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
• Reviews the Company's processes for produces timely and accurate financial data, and internal controls as well as oversees all risk management activities	• Oversees matters related to proposing suitable new candidates for appointment to fill the seats of Board Members and Senior Management. • Assists the Board in developing and establishing competitive remuneration policies and packages.	• Assists the Board in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group.

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement.
- Materiality assessment and identification of sustainability risks and opportunities relevant to us.
- Management of material sustainability risks and opportunities.

Ethical Business Practices

The Board recognise the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Code of Ethics and Conduct. Our Whistle Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Ethics and Conduct and/or other non-compliance offences.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

Sustainability Report

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Investors presentations • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Share price performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Listing Requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act, 1994 • Factories and Machinery Act 1997 • Factories and Machinery (Electric Passenger and Goods Lift) Regulation 1970
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees/Union	• Technical and skills trainings • Performance appraisal • Team building activities • Employee engagement activities (events) • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial insitutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Interest/Profit payment
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance • Innovative services and products
Suppliers and Agents	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliance
Communities & Non Governmental Organisation	• Conferences and Dialogues	• Socioeconomics development
Societal Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases • Interview	• Financial and operational performance • General announcements • Face-to-face or e-mail interview

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. From time-to-time, Destini engages with our shareholders through open dialogues and a planned investor relations programme which includes roadshows, meetings, and regular analyst and fund manager briefings. These sessions are typically hosted by the Strategic Planning Department and Executive Directors.

Apart from the AGM where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.destinigroup.com also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. For our customers, we will supply quality services and products which meet their satisfaction and expectations through continual improvements in technology, processes and services as the case may be. In order to ensure that our products are of consistent standard and quality, our management has internally established a Regulatory, Safety and Quality Assurance Department to establish, check and continually improve the continuity compliance as required by Statutory and/or Regulator bodies, Standard Certifying Agency, Customer and/or Original Equipment Manufacturer ("OEM"). This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts the business continuity.

Sustainability Report

AVIATION & DEFENCE

In terms of quality control, our aviation and defence operation is accredited by ISO 9001:2015-Quality Management System in Maintenance, Repair, Overhaul, and Technical Assistance of:
a) Safety and survival equipment;
b) Electronics and electro-mechanical equipment; and
c) Auto-mechanical, crash & salvage and firefighting equipment for aerospace, marine and defence industries.

It must be noted that, locally, we are an Approved Maintenance Organisation for the services and maintenance of aircraft and safety and survival equipment which is certified by the Malaysian State Technical Airworthiness Authority, and also by Civil Aviation Authority Malaysia ("CAAM").

We are also certified by aviation regulators from Singapore, Thailand, India, Vietnam, Sri Lanka, India and China to service airlines from those countries that fly into Malaysia.

Internationally, we are certified by Pipeline Hazardous Material Safety Agency of Department of Transport, from the United States of America as an Authorized Re-qualification Cylinder Service Station. This authorises our Group on requalification of the authorized cylinder specifications by the "hydrostatic" test method.

We are also proudly certified by several private and public authorities as an OEM authorised centre, preferred partner or supported service centre for the maintenance of aircraft ejection seat, safety equipment and others.

MARINE

For the marine segment, we are accredited with ISO 9001:2015-Quality Management System on:
- provision of ship/boat building and ship/boat repair services; and
- inspection, repair, and service of lifeboats and davit systems.

In this respect, we are the Authorised Life Raft Service Station issued by Malaysian Marine Department in compliance to the International Maritime Organisation and/or Safety of Live at Seas Regulation.

Apart from that, internationally, our company is also certified by Lloyd's Register Group Limited as Approved Service Suppliers in servicing and maintenance of lifeboats, launching appliances, on-load release gear and davit-launched life-raft automatic release hooks.

American Bureau of Shipping, Bureau Veritas and DNV GL had been audited on our marine segment and given a satisfactory practical demonstration of our services. As such, Destini has been recognised worldwide as a qualified and trustable service provider in servicing/maintenance of lifeboats, ship repair services and shipbuilding.

We also achieved the internationally recognised ISO 45001:2018 occupational health and safety management accreditation standard which is applicable to our marine division and underlines our commitment on a safe and performance driven business.

Sustainability Report

ENERGY

For the energy segment, we are accredited with ISO 45001:2018 – Occupational Health and Safety Management System, ISO 9001:2015 – Quality Management System as well as OHSAS 18001:2007 – The Occupational Health & Safety Management System applicable to the provision of tubular handling equipment and conductor installation services for the oil and gas industry.

In conclusion, these certifications provide worldwide recognition and acceptance of our services and products. In respect of this, throughout the years, we have received several awards and appreciation letters from our business partners and associates as a token of appreciation of our services and products rendered.

Our services and products quality with international quality accreditation had gained us as one of the market leaders in this industry. Plus, Destini possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectation.

RAIL & LAND TRANSPORT

While for the rail and land transport segment, we are certified by the Ministry of International Trade and Industry of Malaysia for the fabrication of commercial vehicle bodies, and assembly of chassis bus and military vehicle.

We are also certified for new body construction, technical repairs and refurbishments for all types of rigid lorries, semi-trailers, tankers and busses by the Road Transport Department of Malaysia.

Business Model and Planning

Destini has laid out several sustainability and growth strategies across all of its business segments to remain resilient to the external challenging operating environment and this includes diversifying its range of services and products within its core expertise.

The sustainability of Destini's businesses are strong as the Group is operating with a diversified portfolio of services and products in a high entry barrier industry and one of the major sources of revenue earnings was generated from recurring MRO business. Aside to that, there are many more possibilities for Destini to explore and expand its existing capabilities in the industries it has a foothold in.

Moving away from local shores, Destini is also constantly looking to extend its services and products to the wider global market. The Group is always in the mode of sourcing potential business partners in different markets to form strategic alliances. It opens up greater opportunity for the Group to grow internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore, and United Kingdom, Destini is on the blueprint to expand its current business network to the Southeast Asian countries it does not have a presence.

Moving forward, Destini will also continuously focus on quality and delivery timeliness to achieve better customers' satisfaction. Intensive technical training shall be provided to our current operation personnel and recruitment of highly capable staff shall contribute to our Group's talent pool. In order to achieve high working standards at all times, revision and enhancement of the current working procedures shall be implemented in stages as well.

Sustainability Report

Suppliers

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In compliance with ISO 9001:2015, every specification and materials involved in the production and operation processes are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with specific criteria's are engaged.

Environment

Operations

As our business involves manufacturing in which is heavily regulated by the various regulatory bodies, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to emission standards, noise level management and treatment of plant effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.

Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

Waste Management

Proper waste disposal has wide-ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards the eventual realisation of total safe waste elimination. Part of the Group's commitment to waste management is ensuring the disposal of scheduled waste is in compliance with the Environmental Quality (Scheduled Wastes) Regulations, 2005. In this respect, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed Department of Environment guidelines and regulations. Moreover, we are also certified with ISO 14001:2015 and ISO 45001:2018 - Environmental Management System in providing MRO of safety, survival, search, rescue equipment.

Aside to that, the Group also adheres to the Environmental Quality Act 1974, Environmental Quality Scheduled Waste Regulation 2005 and Inventory of Scheduled Wastes that is in compliant with oil and gas regulations.

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. This habit of employees switching to electronic means to reduce the amount of paper wastage accelerated in 2020 because of the pandemic as most of our employees were working from home. Additionally, other materials such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our warehouse. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Water and Energy Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

We continue to implement energy-saving initiatives in the offices and continuously encourage staff to embrace energy-friendly alternatives. This includes promoting electricity conservation practice such as switching off the lights lunch when most staff are out of the office and switching off electrical appliances when they are not required. The Group has also shifted to the use of strategically place air conditioners as compared to the use of centralised air conditioner to minimise power usage.

Sustainability Report

Social

Destini's employees are its greatest assets, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

Succession Planning

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

Safe Workplace

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- prevent injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- require contractors to meet our occupational safety and health standards across all operations;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this context, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and Factory and Machinery Act, 1997, as well as Integrated Safety Management Manual approved by the Board of the Company.

Safety Induction Training was conducted for all of our newly joined employees. The programme is designed to train employees to become fully aware of the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials. Furthermore, safety briefings are compulsorily conducted to all factory visitors on the awareness of safety and health before entering to the factory.

In an effort to address our Health and Safety concern, an Emergency Response Team is established which react and manage any incidents that may happen at our working environment. To add, the Group Hospitalization and Group Personal Accident Insurance are provided to the employees for their health and wellness benefit.

During the Covid-19 pandemic, the Group has established and followed the Standard Operating Procedure to prevent the spread of Covid-19. All of our employees, visitors and customers required to go through body temperature screening upon entering our premises. Facial mask is required to be worn by every personnel with social distance being observed at all time within the premise. Common areas are also sanitised every two hours while a through sanitisation is in practice bi-weekly. This is one of the ways to safely protect our employees from the pandemic.

Talent Motivation and Skill Development

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill their workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, in the field of aviation and marine development, human resource management, technical skills, and others.

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 December 2020, the total number of employees stood at 824 employees (2019: 971 employees), of which 20% (2019: 18%) are female and the remaining 80% (2019: 82%) are male. The number of employees is less than the total number in 2019 due to the conclusion of contract staff which were on a specified project basis. The Group did not have to let go any of its employees during the trying times of the pandemic. However, some employees had to see a momentary reduction in their salary of up to 30% in the second half of the year. Salaries were reinstated back to its original figure in January 2021.

Apart from safety and promoting good health, motivation is an essential part of the Group's responsibility to our employees. The Group engages with its employees through department meetings, annual performance reviews, feedback, surveys and bulletins whereby we actively encourage our employees to participate in.

The Group believes that trainings are the cornerstone of a company's success. We promote a culture of continuous learning and development for productivity improvement by upskilling our employees. Each departments in our companies is required to keep an updated training calendar for their team members, which include courses such as self-development, leadership skills, technical skills, soft skills, information technology and others related to the industry.

Sustainability Report

Corporate Social Responsibility

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation via Yayasan Destini, which was set up in December 2013. The mission of Yayasan Destini are as follows:

- Charity-Welfare Programmes - to fund and promote charitable events that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.
- Religious Support - to provide support for New Muslims (converts) and their families by giving guidance on Islam through awareness programmes, structured classes and one-off seminars.
- Environmental Activities-to educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

Aside from this, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army are not neglected. It is a commitment by Destini to provide employment opportunities to ex-servicemen, ever since we commenced our business operations. We acknowledge that the ex-servicemen could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these ex-servicemen for past years. This has raised the quality of life of these ex-servicemen as there is greater income stability and consequently, better and improved living standards and conditions.

However, due to the COVID-19 pandemic, many of the planned CSR initiatives had to be shelved as such activities were not allowed when an MCO is in place. In turn, Destini donated personal protective equipment ("PPE") such as face masks, face shields and sanitisers to front liners as part of its contribution to society during trying times. The Group had also donated PPE and hand sanitisers to primary and secondary school students who had to attend school and sit for exams.

Sustainability Report

The Group is committed to continue to invest in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities. Employee's participation is the key to success of these initiatives. Such initiatives help to increase employee's interaction outside working hours, build fellowship and support inter-departmental bonds. Whilst communities' benefit, the Group's employees benefit too.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend Policy of paying an annual dividend of between 30%-40% of its full year profits of any calendar	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment and diversification	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors ("the Board") acknowledges that the practice of good corporate governance is an essential part in the Company and its subsidiaries ("the Group") continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

This Statement sets out the commitment of the Board towards the MCCG and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG throughout the financial year ended 31 December 2020 ("FYE 2020") pursuant Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report which is available at the Company's website at www.destinigroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I–BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

Strategic Aims, Values and Standards

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The management, including the President & Group Chief Executive Officer and Executive Directors of Destini, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board.

The management meets regularly to discuss and resolve operational issues. The President & Group Chief Executive Officer or Executive Directors briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration for significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in and recognises that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks view of the long-term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

- **Review and adopt strategic plan of the Group**

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which supports the Group's business plan and budget plan.

- **Implementation of internal compliance controls and justify measure to address principle risks**

  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- **To formulate and have in place an appropriate succession plan**

  The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, on the retirement and appointment of the members of the Board and Executive Directors.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

  The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) specific proposals for capital expenditure and acquisitions, if any;
iv) major issues and opportunities for the Company, if any; and
iv) quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

i) approve annual financial statements, and other reports to shareholders;
ii) consider and, if appropriate, declare or recommend the payment of dividends;
iii) review the Board composition, structure and succession plan;
iv) review the Company's audit requirements;
v) review the performance of, and composition of Board committees;
vi) undertake Board and individual Board member evaluations;
vii) review Board remuneration; and
viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent & Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent & Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

Corporate Governance Overview Statement

The President & Group Chief Executive Officer holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The President & Group Chief Executive Officer, assisted by Executive Directors, are also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board has defined its Board of Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders, which is available on the Company's website at www.destinigroup.com.

Independent Non-Executive Chairman

During the financial year under review, the Board is chaired by an Independent & Non-Executive Chairman. The Independent & Non-Executive Chairman is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment. The Independent & Non-Executive Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

The roles and responsibilities of the Independent & Non-Executive Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at www.destinigroup.com.

Separation of Positions of Chairman and President & Group Chief Executive Officer

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and President & Group Chief Executive Officer are held by different individuals, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the President & Group Chief Executive Officer are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman is not related to the President & Group Chief Executive Officer and is responsible in leading the Board in the oversight and supervision of the Group's management; whilst the President & Group Chief Executive Officer is responsible for the day-to-day operations of the Group, making strategic business decision and implementing the Board's policies and decisions.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible to ensure that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to the following four (4) Board Committees:

a) Audit Committee ("AC");
b) Nomination and Remuneration Committee ("NRC");
c) Risk Management Committee ("RMC"); and
d) Option Committee.

All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

Corporate Governance Overview Statement

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting.

This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has unrestricted access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible to ensure the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office of the Company.

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board will periodically review the Board Charter and make any changes whenever necessary. A copy of the Board Charter is available at the Company's website at www.destinigroup.com.

3. Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.destinigroup.com.

Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue and mechanism to all employees of the Group and members of the public to raise concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Corporate Governance Overview Statement

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.destinigroup.com.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention	:	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Designation	:	Audit Committee Chairperson / Independent & Non-Executive Director
Email	:	suzana.sulaiman@destinigroup.com

Destini Group Anti-Bribery and Anti-Corruption Policy

On 19 June 2020, the Company has adopted the "Destini Group Anti-Bribery and Anti-Corruption Policy" that sets out the Company's principles and stance and adequate procedures against bribery and corruption activities in the conduct of its business. The Destini Group Anti-Bribery and Anti-Corruption Policy provide guidance to the employees and business partners towards eliminating acts of bribery and corruption in the conduct of the Company's business and affairs and such policy is published on the Company's website.

PART II–BOARD COMPOSITION

4. Board's objectivity

Board Composition and Balance

Our Board consists of eight (8) members, which comprises of an Independent & Non-Executive Chairman, a President & Group Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent & Non-Executive Director and three (3) Independent & Non-Executive Directors in compliance with the Paragraph 15.02 of the Listing Requirements. The Profile of the Board members are set out in this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has identified Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as a representative of other members of the Board to share any concerns of Directors to the President & Group Chief Executive Officer on any issues of the Group and perform as the alternative contact person for shareholder communication.

Tenure of Independent Directors and Policy of Independent Director's Tenure

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the directors' re-designation as a non-independent director. For the Board to justify and seek shareholders' approval for retaining a person who has served in that capacity for more than nine (9) years, as an independent director, the NRC and Board must conduct a rigorous review to determine whether the Director is independent in character and judgment, taking into account the need for progressive refreshing of the Board.

However, as recommended by the MCCG, upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the AGM of the Company. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board will seek annual shareholders' approval through a two-tier voting process.

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years.

Corporate Governance Overview Statement

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. The Board appoints its members through a formal and transparent selection process which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board is as follows:

i) The NRC reviews the Board's composition through Board assessment/evaluation;
ii) The NRC determines skills matrix;
iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
iv) The NRC recommends to the Board for appointment; and
v) The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

i) Skills, knowledge, expertise and experience;
ii) Professionalism and Integrity;
iii) The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
iv) The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
v) The extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

As at latest practicable date of this Annual Report, there were three (3) new appointment of directors as recommended by the NRC, which are Dato' Mohd Zahir Bin Zahur Hussain as an Independent & Non-Executive Director, Encik Syaiful Hafiz Bin Moamat Mastam as Non-Independent & Non-Executive Director and Puan Norzilah Binti Mohammed who was re-designated from Group Deputy Chief Executive Officer to an Executive Director.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

Currently, our Board members comprise of two (2) female directors. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective. The Company has formalised a Boardroom Diversity Policy and such policy is published on the Company's website.

Corporate Governance Overview Statement

The existing Directors' age distribution falls within the respective age group and are as follows:

Age Group	31-40	41-50	51-60	61 & above
Number of Directors	1	2	3	2

The current diversity in the race/ethnicity and nationality of the existing Directors are as follows:

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	8	0	0	0	8	0

Time Commitment and Directorship in Other Public Listed Companies

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

Board Meetings

The Board held seven (7) meetings during the financial year ended 31 December 2020. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Tan Sri Dato' Sri Rodzali Bin Daud	6/7
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	7/7
Mohd Shihabuddin Bin Mukhtar (resigned on 26 March 2021)	6/7
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	7/7
Dato' Che Sulaiman Bin Shapie	7/7
Dato' Mohd Zahir Bin Zahur Hussain (appointed on 8 October 2020)	2/2
Abdul Rahman Bin Mohamed Rejab	7/7
Ismail Bin Mustaffa (resigned on 26 March 2021 due to re-designated to head the marine sector based in Singapore)	7/7
Mohd Noor Bin Hussen (resigned on 10 April 2020)	2/3

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

Corporate Governance Overview Statement

Continuing Education Programs

All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to evaluate their own training needs on a continuous process and determine the relevant programs/ seminar /conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training program to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during the financial year as listed below:

Name of Director	Seminars/Conferences/Training Attended
Tan Sri Dato' Sri Rodzali Bin Daud	Fraud Risk Management Workshop Via Webex Platform On 18 November 2020
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	Academic Talk And Collaboration Discussion: Dr Ferina Marimuthu, Durban University Of Technology, South Africa At Bilik Mesyuarat Kristal, Aras 2, Fakulti Perakaunan, Kampus Puncak Alam On 7 January 2020
	E-Bengkel Perancangan Strategik Fakulti Perakaunan - Talent Excellece Via Google Meet On 19 March 2020
	E-Bengkel Perancangan Strategik Fakulti Perakaunan - Talent Excellece Via Google Meet On 23 March 2020
	E-Bengkel Perancangan Strategik Fakulti Perakaunan - Talent Excellece Via Google Meet On 24 March 2020
	E-Bengkel Perancangan Strategik Fakulti Perakaunan - Talent Excellece Via Google Meet On 25 March 2020
	E-Bengkel Perancangan Strategik Fakulti Perakaunan - Talent Excellece Via Google Meet On 30 March 2020
	Leadership, Motivation & Supervisory Development Skills Via Online On 12 May 2020
	Taklimat & Mentoring Pengisian Kertas Kerja Penuh(Full Proposal) Dan Semakan Ulasan Penilaian Kertas Konsep Trgs Fasa 1/2020 Uitm – Via Google Meet On 13 May 2020
	Taklimat Lawatan Ybhg. Naib Canselor Uitm Ke Fakulti Perakaunan On 29 June 2020
	Apmaa 2020 Webinar Talk Series-Session 1–University-Industry Strategic Partnership In Driving Business Excellence In The Digital Era Via Zoom On 1 October 2020
	Taklimat Integriti Via Online On 7 October 2020
	Apmaa 2020 Webinar Talk Series-Session 2-The Role Of Management Accountants In Digital Transformation Via Zoom On 8 October 2020
	Asia Pacific Management Accounting Association (Apmaa) 2020 Webinar Talks Series - Session 3 Via Online On 15 October 2020
	Asia Pacific Management Accounting Association (Apmaa) 2020 Webinar Talks Series - Session 5 Via Zoom On 5 November 2020
	Asia Pacific Management Accounting Association (Apmaa) 2020 Webinar Talks Series-Session 6-Islamic Finance & Fintech Revolution Via Zoom On 12 November 2020
	Fraud Risk Management Workshop Via Webex Platform On 18 November 2020
	Session 7 Of Apmaa Webinar Talk Series: Performance Management In The Emerging Business In Digital Era, Via Zoom On 19 November 2020
	Session 8 Of Apmaa Webinar Talk Series: Digital Transformation & The Black Swan -Pandemic & Risk Management, Via Zoom On 25 November 2020

Corporate Governance Overview Statement

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

During the financial year under review, the Directors was updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Independent & Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(appointed on 8 October 2020)
(Independent & Non-Executive Director)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

The NRC shall meet at least once a year and as frequently as may be required and the quorum for a meeting of the NRC shall consist of not less than two (2) members, majority of members present must be Independent & Non-Executive Directors.

The summary of activities undertaken by the NRC during the financial year included the following:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
ii) Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;
iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors;
iv) Reviewed and recommended the appointment of En Shamsuddin bin Hoosian as the Group Chief Internal Auditor; and
v) Reviewed and recommended the remuneration package En Shamsuddin bin Hoosian as the Group Chief Internal Auditor.

Option Committee

The Option Committee was established on 27 February 2014, as at the date of this Statement, the present members of the Option Committee are as follows:

Chairman
Dato' Rozabil @ Rozamujib Bin Abdul Rahman
(President & Group Chief Executive Officer)

Members
Syaiful Hafiz Bin Moamat Mastam
(appointed on 26 March 2021)
(Non-Independent & Non-Executive Director)

Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

The functions of the Option Committee are to administer the implementation of the Employee Share Option Scheme ("ESOS") in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The ESOS approved by the shareholders of the Company at the Extraordinary General Meeting held on 10 February 2014, is the only share option issuance scheme in existence during the financial year.

Corporate Governance Overview Statement

5. Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on an annual assessment. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements. The Board did not engage any external party to undertake an independent assessment of the Directors.

All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NRC meeting and thereafter reported to the Board for deliberation.

Based on the assessment conducted for the financial year 2020, the Board and the NRC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Directors and each of them continues to fulfil the definition of independence as set out in the Listing Requirements.

Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next AGM following his appointment.

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming AGM of the Company to be held in 2021 are as stated in the Notice of AGM.

PART III–REMUNERATION

6. Level and Composition of Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Independent & Non-Executive Directors.

As at the date of this Statement, the present members of the NRC are as follows:

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(appointed on 8 October 2020)
(Independent & Non-Executive Director)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

7. Remuneration of Directors and Senior Management

Directors' Remuneration

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors are determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

Corporate Governance Overview Statement

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.

The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on recommendations of the Board.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2020 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and * Other emoluments (RM)	Fees (RM)	Salaries and * Other emoluments (RM)
Tan Sri Dato' Sri Rodzali Bin Daud	145,000	14,500	145,000	14,500
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	NIL	753,000	NIL	753,000
Mohd Shihabuddin Bin Mukhtar (resigned on 26 March 2021)	42,500	7,000	42,500	7,000
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	42,500	13,000	42,500	13,000
Dato' Che Sulaiman Bin Shapie	85,000	11,500	85,000	11,500
Dato' Mohd Zahir Bin Zahur Hussain (appointed on 8 October 2020)	NIL	1,000	NIL	1,000
Abdul Rahman Bin Mohamed Rejab	NIL	196,000	NIL	196,000
Ismail Bin Mustaffa (resigned on 26 March 2021 due to re-designation to head the marine division in Singapore)	NIL	334,500	NIL	334,500
Mohd Noor Bin Hussen (resigned on 10 April 2020)	15,000	4,500	15,000	4,500

* Other emoluments include the meeting allowances and other benefits and allowance payable to the Directors' of the Company

Corporate Governance Overview Statement

Remuneration of Senior Management

The aggregate remuneration paid to the Senior Management of the Group during the financial year ended 31 December 2020 analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	6
RM150,001 to RM200,000	0
RM200,001 to RM250,000	3
RM250,001 to RM300,000	2
RM300,001 to RM350,000	1
RM350,001 to RM400,000	1
RM400,001 to RM450,000	2

Details of total remuneration received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band satisfies the accountability and transparency aspects of the MCCG.

The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I–AUDIT COMMITTEE

8. Audit Committee

The Audit Committee is relied upon by the Board to amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

Chairperson of Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman, who is an Independent & Non-Executive Director, is the Chairperson of the Audit Committee. She is a member of Malaysian Institute of Accountants. The Chairperson of Audit Committee is not the Chairman of the Board as complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

Composition of the Audit Committee

As at the date of this Statement, the present members of the Audit Committee are as follows:

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman
(Independent & Non-Executive Director)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(appointed on 8 October 2020)
(Independent & Non-Executive Director)

Further details of the Composition of the Audit Committee, terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

Corporate Governance Overview Statement

In assessing or determining the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;
ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2020.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2021.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. RISK MANAGEMENT COMMITTEE ("RMC")

The RMC was established on April 2019 comprising the following members:

Chairman
Tan Sri Dato' Sri Rodzali Bin Daud
(Independent & Non-Executive Chairman)

Members
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)

Abdul Rahman Bin Mohamed Rejab
(Executive Director)

The functions of the RMC is to oversee the risk management matters relating to the activities of the Group and assists the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible to oversee the compliance function and monitoring the overall compliance of the Group.

Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of the internal auditors adopted on-going monitoring and review to the existing risk management process in place within the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

Corporate Governance Overview Statement

The information on the Group's risk management and internal control is further elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

10. Internal Audit Function

The Group has established its in house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee to provide an independent assessment and assurance over the system of internal control of the Group to the Audit Committee and the Board.

Further details of the activities of the internal audit function are set out in the Audit Committee Report in this Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2020 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

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

PART I–COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Group values dialogue and recognises the need to communicate with its investors, thus encouraging constructive two-way communication. The Group uses several channels to appropriately inform its investors of major developments and of the operations of the Company through disclosures and announcements made to Bursa Securities, press releases, annual reports and the Board also has the option to arrange meetings with analysts or investors, if necessary.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established to comply with the Listing Requirements of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions. The Company strives to provide a high level of transparency reporting in order to provide value for stakeholders.

Besides the above, the Company's Annual Report, circulars and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group's business activities and performances, the Share Registrar is available to attend to administrative matters relating to shareholder interests.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.destinigroup.com incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to info@destinigroup.com.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman of the Board or the President & Group Chief Executive Officer of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavors to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Corporate Governance Overview Statement

PART II–CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholders' Participation at General Meeting

The AGM is the principal forum for dialogue with the shareholders. As recommended by the MCCG, the notice of AGM will be dispatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, which they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions will be conducted between the Directors, senior management staff, the shareholders and investors before and after the general meetings.

Apart from contacts at general meetings, there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public currently.

However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement is suffice.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Sixteenth (16th) AGM of the Company held on 29 July 2020, all the Directors were attended in person and participated virtually at the 16th AGM to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
iv) Annual General Meetings.

This Statement is made in accordance with the resolution of the Board dated 21 May 2021.

STATEMENT ON DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

In preparing these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company's business and that of the Group;
ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
iv) Adopting suitable accounting policies and apply them consistently;
v) Making judgments and estimates that are reasonable and prudent; and
vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

Corporate Governance Overview Statement

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2020, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of all the view that the Group has complied with and shall remain committed to attaining the highest possible standard through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

INVESTOR RELATIONS

Destini remains fully committed to disseminate complete, transparent and timely information to the market on its business operations, financial condition, strategies and prospects to existing and potential shareholders and stakeholders.

The Group has the objective to convey a fair and accurate representation of Destini to ensure that shareholders and stakeholders can formulate a balanced understanding on Destini's outlook.

During the year in review, two-way communication between Destini and the investment community were done through meetings and conference calls that were mainly done virtually as physical distancing was practiced. Various efforts have been made by the Senior Management to continuously engage the investment community.

Creating shareholder value

In February 2018, Destini adopted a dividend policy to pay 30% to 40% of its full year profits of a calendar year. This is to ensure shareholders of the Group's commitment in enhancing long-term shareholders value and consistent cash returns through the declaration of dividends.

It should be noted that although Destini has committed to a dividend policy, this only describes the Group's intention and should not be constituted as a legally binding statement in respect of future dividends which are subject to the discretion of the Board.

It is also worth noting that Destini is a holding company and its income and ability to pay dividends is dependent upon income and dividends received from its subsidiaries.

Communicating with shareholders

Destini engages with its shareholders through dialogues and planned investor relation programmes which includes roadshows, meetings with institutional investors and regular analyst briefings.

Destini is tracked by the investment community and as at May 2021, 3 financial institutions provided coverage on the Group. Research reports written by analysts are compiled regularly and feedback are summarised to provide a comprehensive view of the Group from the investment community.

Aside from engaging with analysts and fund managers as a medium between Destini and public investors, the Group also takes on the initiative to engage with its shareholders during its Annual General Meeting ("AGM"). However in 2021, Destini's AGM was held virtually in accordance to guidelines by the Securities Commission Malaysia.

The virtual AGM was led by Destini's Chairman Tan Sri Dato' Sri Rodzali Bin Daud and President & Group CEO Dato' Rozabil Bin Abdul Rahman, who are accompanied by Destini's Board of Directors. During the virtual AGM, shareholders are briefed on the market outlook, business and financial highlights, project progress and strategic initiatives going forward. Shareholders were also able to raise questions to the Board through the online platform used.

Aside from that, Destini supplements shareholder engagement with a dedicated investor relations page on its corporate website, https://www.destinigroup.com/investor-relations/. Our investor relations page provides corporate information, financial data, share price information and corporate announcements that are also listed on Bursa Malaysia Securities Berhad's company announcements.

The webpage was developed to provide timely disclosure of information on quarterly results, corporate developments and all material announcements, as required under Listing Requirements.

Additional Compliance Information

Utilisation of Proceeds

The Company proposed to undertake a private placement of up to 231,046,059 new ordinary shares in Destini, representing up to 20% of the total number of issued shares in Destini to third party investor(s) ("Private Placement I"). The Private Placement I was completed on 6 August 2020.

Total proceeds raised in the Private Placement exercise is RM40,587,350 is as follows

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Intended Timeframe for utilization
Repayment of bank borrowings	21,000,000	18,918,069	Within 2 months
Working capital:			
-Existing project	22,000,000	19,818,932	Within 6 months
-New projects	1,000,000	900,860	Within 24 months
-General requirements	773,982	697,249	Within 24 months
Estimated expenses in relation to the Proposed Private Placement	280,000	252,240	Within 1 month
Total	**45,053,982**	**40,587,350**	

On 25 September 2020, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH"), had on behalf of Destini, announced that Destini proposed to undertake a private placement of up to 277,255,271 new Destini shares, representing 20% of the issued and paid up share capital of Destini ("Private Placement II").

The Private Placement II comprising 139,000,000 Placement Shares at RM0.2200 per Placement Share. The issue price of RM0.2200 per Placement Share represents a discount of approximately 8.45% to the 5-day VWAP of Destini Shares up to and including 25 November 2020, being the last traded day of Destini Shares immediately preceding the price-fixing date of RM0.2403 per Destini Share. The shares were listed on 3 December 2020; and

The status of the utilisation of proceeds from proceeds raised in the Private Placement II exercise of RM30,580,000 is as follows:

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Intended Timeframe for utilization
Working capital for new projects	50,000,000	2,394,010	Within 24 months
Working capital for existing projects	28,135,986	28,135,986	Within 24 months
Expenses	50,000	50,000	Upon completion of Private Placement
Total	**78,185,986**	**30,580,000**	

Audit and Non-Audit Fees paid to External Auditors

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

		Company (RM)	Group (RM)
Audit Services Rendered		105,000	705,383
Non-Audit Services Rendered			
(a)	Review of Statement on Risk Management and Internal Control	5,000	5,000

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loans

There was no material contract relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature

There were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2020, save for such disclosure made in note 35 to the audited consolidated financial statements on page 171 and 172 of this Annual Report.

Risk Management and Internal Control Statement

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has established the RMC with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

The RMC will assist the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensures that there is adequate risk reporting of core business activities.

Internal Control

The Group's system of internal control includes, among others:

1. A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

2. A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

3. The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

4. Internal policies and procedures had been established for key business units within the Group.

5. Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6. Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Board of Directors does not regularly review the internal control system of its associates and joint venture, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associates and joint venture and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision making on the continuity of the Group's investment based on the performance of the associates and joint venture.

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed in its efforts to reform and re-organised the system of internal control.

The Audit Committee and the Board has reviewed the inhouse internal audit function and is satisfied with the level of independence and the competence of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following:

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;
b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;
c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;
d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and
e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

Board Responsibility

The Board is responsible to maintain a sound system of internal controls and for reviewing its adequacy and integrity.

It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Management Responsibility

The management is responsible for implementing the Group's strategies and day-to-day businesses. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Internal Audit Responsibility

The Group Internal Audit Department ("GIAD") function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee ("AC"). The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow up reviews.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company.

Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or noncompliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

Risk Management and Internal Control Statement

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2020 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Management's Assurance

The Board has received assurance from the President & Group Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate.

Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

Audit Committee Report

Composition

The present members of the Audit Committee comprise the following:

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd. Suleiman
(Independent & Non-Executive Director)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)

Attendance

The Audit Committee held four (4) meetings during the financial year ended 31 December 2020. The details of attendance of the Audit Committee members are as follows:

Name of Directors	No. of meetings attended
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	4/4
Dato' Che Sulaiman Shapie	4/4
Dato' Mohd Zahir Bin Zahur Hussain (appointed on 8 October 2020	1/1
Mohd Noor Bin Hussen (resigned on 10 April 2020).	1/1

The Audit Committee may invite the Head of Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profiles of this Annual Report.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2020 included the following:

1. Reviewed the quarterly and year–to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditor's scope of work and audit plan for the year;
3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
5. Evaluated the performance of the external auditors for the financial year ended 31 December 2020 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the reappointment of the external auditors;
6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
8. Reviewed the effectiveness of the Group's system of internal control;
9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
12. Reported to the Board on its activities and significant findings and results; and
13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

Corporate Governance Overview Statement

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.destinigroup.com.

Internal Audit Function

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The Internal Audit Department of the Group has a total of 5 professional staff and it is led by Encik Shamsudin Bin Hoosian as the Group Chief Internal Auditor appointed on 9 March 2020. Mr Shamsudin holds a Bachelor's Degree in Accountancy from UITM, and also a Certified Banking Auditor ("CBA"), Qualified Risk Auditor ("QRA"), Certified Internal Auditor for Financial Institutions ("CIAFIN"), Certified Credit Professionals ("CCP"), Certified in Shariah Concept and Islamic Banking and Certified Risk Professionals ("CRP"). The Internal Audit Department of the Group performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

The cost incurred for the internal audit function in respect of the financial year is approximately RM370,693.17.

During the financial year under review, the following activities were carried out by the internal audit department in discharging its responsibilities.

Summary of Activities of the Internal Audit Function:

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;
2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;
3. Followed up with management on the implementation of the agreed audit recommendations; and
4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

Financial Statements

Financial Statements

Directors' Report

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

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net loss for the financial year	190,184,836	12,044,937
Attributable to:		
Owners of the Parent	190,641,882	12,044,937
Non-controlling interests	(457,046)	-
	190,184,836	12,044,937

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issues :

i. 50,000,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1960 per share amounting to RM9,800,000 on 13 February 2020;
ii. 55,163,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1450 per share amounting to RM7,998,635 on 16 July 2020;
iii. 60,600,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1650 per share amounting to RM9,999,000 on 30 July 2020;
iv. 40,283,059 ordinary shares pursuant to the private placement exercises at issue price of RM0.1827 per share amounting to RM7,359,715 on 6 August 2020; and
v. 139,000,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.2200 per share amounting to RM30,580,540 on 3 December 2020.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

The Directors in office since the beginning of the financial year until the date of this report are:

Dato' Rozabil @ Rozamujib Bin Abdul Rahman *	
Tan Sri Dato' Sri Rodzali Bin Daud *	
Dato' Che Sulaiman Bin Shapie *	
Professor Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman *	
Abdul Rahman Bin Mohamed Rejab *	
Dato' Mohd Zahir Bin Zahur Hussain	(appointed w.e.f. 8.10.2020)
Norzilah Binti Mohammed	(appointed w.e.f. 26.3.2021)
Syaiful Hafiz Bin Moamat Mastam	(appointed w.e.f. 26.3.2021)
Ismail Bin Mustaffa *	(resigned on 26.3.2021)
Mohd Shihabuddin Bin Mukhtar	(resigned on 26.3.2021)
Mohd Noor Bin Hussen	(appointed w.e.f. 3.1.2020, resigned on 10.4.2020)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Othman Bin Ahmad
Hasbullah Bin Hassin
Kabol Bin Surat
Mohd Faizal Bin Allaudin
Fahredza Bin Muhamad
Zainuri Bin Zainal
Mohamad Najib Bin Saad
Surendran Pillay A/L Kumarasami
Suhaimi Badrul Jamil
Dato' Harrison Bin Hassan
Shahril Sufian Bin Hamdan
Chua Seng Chye
Kevin Nah Kwang Sinn
Bernard Johan Te Beek
Phuah Hooi Ean
Dato' Abd Aziz Bin Sheikh Fadzir
Christopher John Wright
Dato' Mohd Zaihan Bin Mohd Zain
Dr. Ir. Samad Bin Solbai
Shirad Bin Anuar
Chew Hian Tat

** Director of the Company and its subsidiaries*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

Directors' Report

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Interests in the Company				
Direct Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	83,126,500	22,000,000	-	105,126,500
Ismail Bin Mustaffa	640,000	1,000,000	-	1,640,000
Abdul Rahman Bin Mohamed Rejab	100,000	-	-	100,000
Indirect Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman ^	230,886,445	17,515,800	(29,988,800)	218,413,445

^ *deemed interests under Section 8 of the Companies Act, 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., Mazer Sdn. Bhd., R Capital Sdn. Bhd and Utarasama Marine Sdn Bhd.*

By virtue of his interests in the shares of the Company, Dato' Rozabil @ Rozamujib Bin Abdul Rahman is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 35(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM13,790 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Directors' Report

Other Statutory Information

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

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

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

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render the amount written off for bad debts or the amount of the allowance 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) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

  (iv) 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.

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

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

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

(d) 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 its obligations as and when they fall due;

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

  (iii) 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 financial year in which this report is made.

Significant Events

The details of the significant events are disclosed in Note 40 to the financial statements.

Subsequent Events

The details of the subsequent events are disclosed in Note 41 to the financial statements.

Directors' Report

Subsidiaries

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

Auditors' Remuneration

The details of the auditors' remuneration are set out in Note 30 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 May 2021.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

Statement by Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 90 to 196 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 May 2021.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	**ABDUL RAHMAN BIN MOHAMED REJAB**

SHAH ALAM

Statutory Declaration

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

I, Aris Kefli Bin Mohamad Yusof (MIA Membership No: 12516), being the Officer primarily responsible for the financial management of Destini Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 90 to 196 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 25 May 2021)

ARIS KEFLI BIN MOHAMAD YUSOF

Before me,

Zainul Abidin Bin Ahmad
No. W790

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of Destini Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 196.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Independent Auditors' Report to the Members of Destini Berhad

Key Audit Matters (Cont'd)

Recognition of revenue and cost of long term contract

The Group recognises revenue and cost derived from long term contract which span more than one accounting period over time using the stage of completion method. As at 31 December 2020, the revenue arising from the long term contracts represents approximately 49% of the total Group's revenue.

The stage of completion is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost).

We focused on this area because the management applies significant judgement and estimates in determining the stage of completion, the extent of costs incurred and contract costs yet to be incurred, the estimated total revenue and cost for contract.

How we addressed the key audit matters

Our audit procedures included, amongst others:

- Reading all key contracts to obtain an understanding of the specific terms and conditions;
- Reviewing management's workings on the computation of percentage-of-completion and compared the engineers' reports and contractors' claims and certificates against stage of completion to ascertain the reasonableness of the amounts of revenue and cost recognised in the profit or loss;
- Evaluating the reasonableness of the estimated total cost and cost allocation for contract in light of supporting evidence such as letters of award, approved purchase orders, quotations, tender documents and variation orders, if any;
- With regards to projects whereby actual progress is behind planned progress, we understand the cause of the delays, inspected correspondences with customers and sub-contractors and corroborated key judgement applied by management as to whether provision for liquidated ascertained damages is required;
- Agreeing a sample of costs incurred to date to invoice and/or progress claim and assessing the adequacy of accruals of costs made; and
- Assessing the adequacy and reasonableness of the disclosures in the financial statements.

Impairment on receivables and contract assets

The Group's receivables and contract assets amounting to RM264,673,868 representing approximately 50% of the Group's total assets as at 31 December 2020.

The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical trend in bad payment, customer concentration, customer creditworthiness and customer payment terms and adjusted for forward looking macro economic factors.

Our audit procedures included, amongst others, the following:

- Understanding on the procedures of the Group:-
  - the Group's identification, monitoring and assessment on the impairment of receivables; and
  - the Group's basis and justification in making accounting estimates for impairment;
- Reviewing the ageing analysis of receivables and testing the reliability thereof;
- Reviewing subsequent collections for major receivables and overdue amount;
- Making inquiries of management regarding the action plans to recover overdue amounts;
- Understanding of receivables with significant credit exposures which were significantly overdue or deemed to be in default; and
- Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

Independent Auditors' Report to the Members of Destini Berhad

Key Audit Matters (Cont'd)

Impairment assessment on intangible assets

The Group has intangible assets amounting to RM71,850,620 as at 31 December 2020 representing approximately 14% of the Group's total assets as at 31 December 2020.

The Company carries out impairment test by comparing the recoverable amount of cash generating unit ("CGU") based on value in use method and the carrying amounts.

The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. for value in use of CGU based on future discounted cash flows.

How we addressed the key audit matters

Our procedures in relation to management's impairment assessment included, amongst others:

- Examining management's cash flows forecast that support the impairment assessment;
- Assessing the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results;
- Assessing the key assumptions on which the cash flows projections are based, by amongst others, comparing them against business plans, contracts with customers, historical results and market data;
- Evaluating the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data;
- Performing sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment; and
- Assessing the adequacy and reasonableness of the disclosures in the financial statements.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Independent Auditors' Report to the Members of Destini Berhad

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.

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

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

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

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

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 Destini Berhad

Report on Other Legal and Regulatory Requirements

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

Other Matters

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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM WAN YINN
Approved Number: 03262/04/2023 J
Chartered Accountant

KUALA LUMPUR

25 May 2021

Statements of Financial Position

As at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	49,927,253	88,509,075	22,584,015	24,493,910
Right-of-use assets	5	29,673,629	38,459,391	749,261	757,772
Investment in subsidiaries	6	-	-	139,122,229	99,022,212
Investment in associates	7	-	-	-	-
Investment in joint ventures	8	-	-	-	-
Investment in securities	9	3,436,456	430,134	3,436,456	430,134
Intangible assets	10	71,850,620	107,044,028	-	-
Other receivables	11	1,709,775	4,926,619	-	-
Other investment	12	320,000	320,000	150,000	150,000
		156,917,733	239,689,247	166,041,961	124,854,028
Current Assets					
Inventories	13	12,563,844	13,494,399	-	-
Contract assets	14	174,252,861	17,513,244	-	-
Trade receivables	15	74,916,574	210,802,740	-	-
Other receivables	11	57,852,532	68,696,787	1,174,914	947,458
Amount due from subsidiaries	16	-	-	251,694,145	266,792,869
Amount due from joint ventures	17	500,000	500,000	-	-
Amount due from a associate company	18	6,247,881	6,247,881	-	-
Tax recoverable		3,196,194	1,942,878	-	-
Fixed deposits with licensed banks	19	16,937,725	16,823,199	-	-
Cash and bank balances		22,120,731	9,658,432	7,642,947	126,815
		368,588,342	345,679,560	260,512,006	267,867,142
Total Assets		525,506,075	585,368,807	426,553,967	392,721,170

Statements of Financial Position
As at 31 December 2020 (Cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Equity					
Share capital	20	453,974,761	388,236,871	453,974,761	388,236,871
Foreign currency translation reserve	21	5,200,078	5,542,551	-	-
(Accumulated losses) / Retained earnings		(326,725,935)	(136,084,053)	(47,056,842)	(35,011,905)
Equity attributable to owners of the parent		132,448,904	257,695,369	406,917,919	353,224,966
Non-controlling interests		(1,751,428)	(2,142,750)	-	-
Total Equity		130,697,476	255,552,619	406,917,919	353,224,966
Liabilities					
Non-Current Liabilities					
Lease liabilities	22	7,120,436	14,618,524	-	-
Bank borrowings	23	20,141,098	10,173,259	13,212,035	8,562,088
Deferred tax liabilities	24	-	2,827,745	-	-
Tax payables		10,362,855	-	-	-
Other payables	25	458,751	394,228	-	-
		38,083,140	28,013,756	13,212,035	8,562,088
Current Liabilities					
Contract liabilities	14	58,219,199	6,245,280	-	-
Trade payables	27	110,219,207	81,737,832	-	-
Other payables	25	80,849,718	79,741,657	1,549,973	2,494,018
Amount due to subsidiaries	16	-	-	1,389,884	11,915,675
Lease liabilities	22	5,703,310	6,797,863	-	-
Bank borrowings	23	85,129,813	104,575,429	2,944,144	15,984,411
Redeemable preference shares	26	1,427,487	1,350,901	-	-
Tax payable		15,176,725	21,353,470	540,012	540,012
		356,725,459	301,802,432	6,424,013	30,934,116
Total Liabilities		394,808,599	329,816,188	19,636,048	39,496,204
Total Equity and Liabilities		525,506,075	585,368,807	426,553,967	392,721,170

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	28	190,125,575	297,736,809	-	2,825,000
Cost of sales		(186,048,386)	(280,845,391)	-	-
Gross profit		4,077,189	16,891,418	-	2,825,000
Other income		9,302,491	4,553,685	1,120,198	692,492
Administrative expenses		(110,298,770)	(97,391,270)	(12,532,263)	(14,347,353)
Net impairment losses on receivables		(12,144,489)	(58,174,680)	-	(16,968,990)
Net impairment losses on intangible assets, property, plant and equipment and other assets		(72,146,812)	(93,690,627)	-	(700,006)
Finance costs	29	(11,751,063)	(23,247,966)	(632,872)	(448,075)
Share of results of associate and joint ventures		-	(184,740)	-	-
Loss before tax	30	(192,961,454)	(251,244,180)	(12,044,937)	(28,946,932)
Taxation	31	2,776,618	1,708,858	-	(539,891)
Loss for the financial year		(190,184,836)	(249,535,322)	(12,044,937)	(29,486,823)
Other comprehensive loss:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(408,197)	(6,792,502)	-	-
Other comprehensive loss for the financial year		(408,197)	(6,792,502)	-	-
Total comprehensive (loss)/income for the financial year		(190,593,033)	(256,327,824)	(12,044,937)	(29,486,823)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(190,641,882)	(247,822,866)	(12,044,937)	(29,486,823)
Non-controlling interests		457,046	(1,712,456)	-	-
		(190,184,836)	(249,535,322)	(12,044,937)	(29,486,823)
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the parent		(190,984,355)	(254,632,342)	(12,044,937)	(29,486,823)
Non-controlling interests		391,322	(1,695,482)	-	-
		(190,593,033)	(256,327,824)	(12,044,937)	(29,486,823)
Loss per share					
Basic loss per share (sen)	32	(14.62)	(21.45)		
Diluted loss per share (sen)	32	(14.62)	(21.45)		

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

Statements of Changes In Equity

For the Financial Year Ended 31 December 2020

		Attributable to Owners of the Parent					
		Non-Distributable					
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2020		388,236,871	5,542,551	(136,084,053)	257,695,369	(2,142,750)	255,552,619
(Loss)/Profit for the financial year		-	-	(190,641,882)	(190,641,882)	457,046	(190,184,836)
Exchange translation differences for foreign operations		-	(342,473)	-	(342,473)	(65,724)	(408,197)
Total comprehensive (loss)/ profit for the financial year		-	(342,473)	(190,641,882)	(190,984,355)	391,322	(190,593,033)
Transaction with owners:							
Private shares placement	20	65,737,890	-	-	65,737,890	-	65,737,890
At 31 December 2020		453,974,761	5,200,078	(326,725,935)	132,448,904	(1,751,428)	130,697,476

Statements of Changes In Equity

For the Financial Year Ended 31 December 2020 (Cont'd)

		Attributable to Owners of the Parent					
		Non-Distributable		Distributable			
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	(Accumulated Losses)/ Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2019		382,806,871	12,357,852	111,859,274	507,023,997	(453,093)	506,570,904
Effect of adopting MFRS 16		-	-	(120,461)	(120,461)	-	(120,461)
At 1 January 2019, as restated		382,806,871	12,357,852	111,738,813	506,903,536	(453,093)	506,450,443
Loss for the financial year		-	-	(247,822,866)	(247,822,866)	(1,712,456)	(249,535,322)
Exchange translation differences for foreign operations		-	(6,815,301)	-	(6,815,301)	22,799	(6,792,502)
Total comprehensive loss for the financial year		-	(6,815,301)	(247,822,866)	(254,638,167)	(1,689,657)	(256,327,824)
Transaction with owners:							
Private shares placement	20	5,430,000	-	-	5,430,000	-	5,430,000
At 31 December 2019		388,236,871	5,542,551	(136,084,053)	257,695,369	(2,142,750)	255,552,619

Statements of Changes In Equity

For the Financial Year Ended 31 December 2020 (Cont'd)

		Attributable to Owners of the Parent		
		Non-Distributable		
		Share Capital	Accumulated Losses	Total Equity
	Note	RM	RM	RM
Company				
At 1 January 2020		388,236,871	(35,011,905)	353,224,966
Loss for the financial year, representing total comprehensive loss for the financial year		-	(12,044,937)	(12,044,937)
Transaction with owners:				
Issue of ordinary shares:				
-private shares placement	20	65,737,890	-	65,737,890
Total transactions with owners		65,737,890	-	65,737,890
At 31 December 2020		453,974,761	(47,056,842)	406,917,919
At 1 January 2019		382,806,871	(5,525,082)	377,281,789
Loss for the financial year, representing total comprehensive loss for the financial year		-	(29,486,823)	(29,486,823)
Transaction with owners:				
Issue of ordinary shares:				
-private shares placement	20	5,430,000	-	5,430,000
Total transactions with owners		5,430,000	-	5,430,000
At 31 December 2019		388,236,871	(35,011,905)	353,224,966

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Cash Flows From Operating Activities					
Loss before tax		(192,961,454)	(251,244,180)	(12,044,937)	(28,946,932)
Adjustments for:					
Amortisation of intangible assets	10	1,691,919	2,124,713	-	-
Bad debts written off		25,032,920	182,208	-	-
Depreciation of property, plant and equipment	4	11,563,867	12,507,612	1,940,170	2,263,129
Amortisation of right-of-use assets	5	7,711,486	7,473,287	8,511	8,509
Fair value adjustment on investment in securities		(557,322)	(354,584)	(557,322)	(354,584)
Loss/(Gain) on disposal of property plant and equipment		46,031	(133,885)	-	-
Intangible assets written off		-	4,672,710	-	-
Impairment loss on:					
-Trade receivables		3,306,919	42,468,364	-	-
-Other receivables		-	17,017,838	-	16,968,990
-Investment in subsidiaries		-	-	-	700,006
-Intangible assets		38,255,132	91,681,464	-	-
-Property, plant and equipment		-	1,998,229	-	-
-Right of use assets		-	10,934	-	-
Derecognition arising from termination of lease agreement		(511,082)	-	-	-
Modification to lease		216,171	-	-	-
Interest expense		11,751,063	23,247,966	632,872	448,075
Interest income		(250,395)	(504,701)	-	
Right-of-use assets written off		272,274	-	-	-
Inventories written off		-	13,194	-	-
Property, plant and equipment written off		37,395,316	1	2	-
Reversal of impairment loss on					
-Trade receivables		(13,631,072)	(1,311,522)	-	-
-Intangible assets		(3,503,636)	-	-	-
Share of results of associates and joint venture		-	184,740	-	-
Unrealised loss on foreign exchange		-	198,061	-	-
Operating loss before working capital changes		(74,171,863)	(49,767,551)	(10,020,704)	(8,912,807)

Statements of Cash Flows

For the Financial Year Ended 31 December 2020 (Cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Changes in working capital:					
Inventories		930,555	(1,844,635)	-	-
Contract assets/liabilities		(104,765,698)	32,029,276	-	-
Receivables		135,238,498	5,009,188	(227,456)	150,969
Payables		29,653,959	50,725,977	(944,045)	2,022,440
		61,057,314	85,919,806	(1,171,501)	2,173,409
Cash generated (used in)/from operations		(13,114,549)	36,152,255	(11,192,205)	(6,739,398)
Interest received		250,395	504,701	-	-
Interest paid		(11,751,063)	(23,247,966)	(632,872)	(448,075)
Tax refunded		77,654	95,872	-	-
Tax paid		(1,398,234)	(2,974,882)	-	(3,457,440)
		(12,821,248)	(25,622,275)	(632,872)	(3,905,515)
Net cash (used in)/from operating activities		(25,935,797)	10,529,980	(11,825,077)	(10,644,913)
Cash Flows From Investing Activities					
Advance to subsidiaries		-	-	15,098,724	17,188,587
Purchase of property, plant and equipment	4	(10,210,489)	(17,554,429)	(30,277)	(115,372)
Proceeds from disposal of property, plant and equipment		62,780	3,741,155	-	-
Proceeds from disposal of investment in securities		-	1,061,110	-	1,061,110
Investment in subsidiaries		-	-	(40,100,017)	-
Investment in securities		(2,449,000)	-	(2,449,000)	-
Addition to intangible assets	10	(326,179)	(784,557)	-	-
Net cash (used in)/from investing activities		(12,924,292)	(13,536,721)	(27,480,570)	18,134,325

Statements of Cash Flows

For the Financial Year Ended 31 December 2020 (Cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Cash Flows From Financing Activities					
Repayment to subsidiaries		-	-	(10,525,791)	(1,174,296)
Drawdown of term loans		-	4,310,000	-	-
Repayment of term loans		(9,387,664)	(22,931,203)	(8,390,320)	(13,724,173)
Payment of lease liabilities		(7,347,077)	(7,013,080)	-	-
Changes in trust receipts		-	(3,057,913)	-	-
Proceeds from private placement	20	65,737,890	5,430,000	65,737,890	5,430,000
Decrease in deposits pledged to licensed banks		(114,526)	13,190,901	-	-
Net cash from/(used) in financing activities		48,888,623	(10,071,295)	46,821,779	(9,468,469)
Net increase/(decrease) in cash and cash equivalents		10,028,534	(13,078,036)	7,516,132	(1,979,057)
Effect of exchange translation difference		2,142,846	(7,724,053)	-	-
Cash and cash equivalents at the beginning of the financial year		8,780,074	29,582,163	126,815	2,105,872
Cash and cash equivalents at the end of the financial year		20,951,454	8,780,074	7,642,947	126,815
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances		22,120,731	9,658,432	7,642,947	126,815
Fixed deposits with licensed banks		16,937,725	16,823,199	-	-
Bank overdrafts	23	(1,169,277)	(1,259,390)	-	-
		37,889,179	25,222,241	7,642,947	126,815
Less: Fixed deposits pledged with licensed banks		(16,937,725)	(16,442,167)	-	-
		20,951,454	8,780,074	7,642,947	126,815
Cash Outflows For Lease as a lessee					
Included in Net Cash From Operating Activities					
Payment relating to short-term lease		337,513	1,138,255	-	-
Interest paid in relation to lease liabilities		927,751	1,183,263	-	-
Included in Net Cash From Financing Activities					
Payment of lease liabilities		7,347,077	7,013,080	-	-
		8,612,341	9,334,598	-	-

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

Notes to Financial Statements

31 December 2020

1. Corporate Information

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

The registered office and the principal place of business of the Company is located at No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40148 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new and amendments to MFRSs, interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to Reference to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes to Financial Statements

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The assessment on the effects and impact of the adoption of above new standard, amendments to published standards and interpretation is still being assessed but the management does not expect the initial application of the above mentioned MFRSs to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

Notes to Financial Statements

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

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

The Group and the Company determine 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 and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not 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 and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, 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 Financial Statements

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

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 reporting period are set out below:

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") assets (Note 4 and Note 5)

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4 and Note 5.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Impairment of intangible assets

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount, which is the higher of fair value less costs to sell and the value in use of the cash generating units to which intangible assets have been allocated. The fair value less costs to sell and value in use calculation requires the Group to estimate the fair value of the intangible assets and future cash-flows expected form the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. As the assessment involved significant estimates and is based on both forecasted financial and non-financial information, management has to exercise judgment in estimating the recoverable amounts of these assts. The carrying amount of the intangible assets are disclosed in Note 10.

Inventories valuation

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory. Details of inventories are disclosed in Note 13.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Notes to Financial Statements

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of property, plant and equipment and right-of-use ("ROU") assets

The Group assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiaries, joint ventures, and associate company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 15, 16, 17 and 18 respectively.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on input method by reference to the cost incurred to date bear to the total estimated cost and take into account the nature of activities and its associated risks.

The details of construction contracts are disclosed in Note 14.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 24.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group has tax recoverable of RM3,196,194 (2019: RM1,942,878) and tax payable of RM25,539,580 (2019: RM21,353,470) respectively. The Company has tax payable of RM540,012 (2019: RM540,012).

Notes to Financial Statements

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Conr'd)

Key sources of estimation uncertainty (Cont'd)

Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 28(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Impairment of investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. The investment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

The Company has carried out review on impairment of investment in subsidiaries and the Directors are of the opinion that no additional allowance for impairment loss is necessary. As such, the investment is stated at cost less any impairment losses. The carrying amount of investment in subsidiaries is disclosed in Note 6.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

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

(iii) Goodwill on consolidation

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

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(b) Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") 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, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain 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 disposes 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.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

(i) Recognition and measurement

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, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. 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.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

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.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease terms and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	33-50 years
Leasehold properties and industrial land	Over the remaining lease periods
Furniture and fittings	1-10 years
Office equipment	5-10 years
Yard infrastructure, machinery and equipment	1-10 years
Motor vehicles	1-10 years
Renovation	1-10 years
Computers and software	3-5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 property, plant and equipment.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(e) Leases

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	50 years or over the lease term, if shorter
Leasehold land and properties	Over the remaining lease period
Land use rights	Over the remaining lease period
Warehouse, office and apartments	1- 6 years
Machinery and equipment	1- 20 years
Motor vehicles	3- 5 years

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or terminate option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than USD5,000 or RM20,000 each when purchased new.

(ii) As lessor

When the Group or the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other 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 revenue in the period in which they are earned.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets

(i) Internally-generated intangible assets-research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiaries, associate company and joint venture, deposits, cash and bank balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(b) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Groupor 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.

Liabilities arising from financial guarantees are presented together with other provisions.

(j) 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 a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

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

Inventories which comprise raw materials, spare part and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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

3. Significant Accounting Policies (Cont'd)

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

Revenue and profits for construction contracts are recognised over time when the customer simultaneously receives and consumes the benefits from the construction; the construction service create or enhance an asset or a combination of assets which the customer controls or the construction service does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group measures the entity's progress towards complete satisfaction of a performance obligation satisfied over time on the basis of direct measurements of the value transferred by the entity to the customer.

Contract asset under current assets in the statements of financial position is the right to consideration for goods or services transferred to the customers where contract liability under current liabilities in the statements of financial position is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When there is objective evidence of impairment, the amount of impairment is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

The Group presents as contract asset when the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed costs incurred plus recognised profits (less recognised losses).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft 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. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(o) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. 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. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group and the Company revise its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group or the Company satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts and project works

The revenue from construction contracts is measured based on the transaction prices net of expected liquidated ascertained damages ("LAD") payment. LAD is determined based on the expected value method.

The Group recognises revenue from construction contracts and project works over time by reference to the progress towards complete satisfaction at the end of the reporting period when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts and project works is measured at the transaction price agreed under the construction contracts and project works.

Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(a) Revenue from construction contracts and project works (Cont'd)

The Group provides warranties for general repairs of defects existed at the time of sale and do not give rise to a separate performance obligation. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(p) to the financial statements.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer which is at point in time upon the delivery of goods to the customers and customer acceptance, recovery of the consideration is probable and unconditional, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. No significant element of financing is deemed present as the sales are made with a credit terms ranging from 1 to 90 days which are consistent with market practice.

At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, it has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group does not have such contract terms with its customers on right of return.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

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

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income taxes

Tax expense in profit or loss 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 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary 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 related tax benefit will be realised.

Notes to Financial Statements

3. Significant Accounting Policies (Cont'd)

(u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) 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 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.

(w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

4. Property, Plant and Equipment

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2020										
At cost										
At 1 January 2020	12,063,260	9,732,170	3,458,246	1,755,839	4,958,820	81,081,434	3,625,723	45,433,806	3,562,776	165,672,074
Additions	-	2,176,588	22,270	6,000	97,650	1,191,478	179,692	6,512,366	25,849	10,211,893
Reclassification	-	-	-	(875,372)	(261,387)	1,977,605	357,578	(1,058,319)	(151,775)	(11,670)
Transfer from right-of-use assets	-	-	-	-	-	-	1,831,364	-	-	1,831,364
Disposals	-	-	-	-	-	(140,941)	(355,235)	(500)	(16,494)	(513,170)
Written off	-	-	-	-	-	(17,292,088)	-	(31,881,879)	(12,398)	(49,186,365)
Exchange differences	-	-	164,916	-	-	296,942	(13,797)	(107,493)	-	340,568
At 31 December 2020	12,063,260	11,908,758	3,645,432	886,467	4,795,083	67,114,430	5,625,325	18,897,981	3,407,958	128,344,694
Accumulated depreciation										
At 1 January 2020	-	1,416,518	1,525,007	527,152	2,780,541	48,564,998	2,730,498	14,941,490	2,678,566	75,164,770
Charge for the financial year	-	259,733	179,031	38,031	500,728	6,241,644	402,979	3,779,542	162,179	11,563,867
Reclassification	-	108,489	(113,537)	(11,681)	-	22	5,037	-	-	(11,670)
Transfer from right-of-use assets	-	-	-	-	-	-	1,831,361	-	-	1,831,361
Disposals	-	-	-	-	-	(86,018)	(365,152)	-	(15,969)	(467,139)
Written off	-	-	-	-	-	(6,239,914)	-	(5,543,975)	(7,160)	(11,791,049)
Exchange differences	-	-	115,915	-	-	170,062	(112,787)	(44,118)	-	129,072
At 31 December 2020	-	1,784,740	1,706,416	553,502	3,281,269	48,650,794	4,491,936	13,132,939	2,817,616	76,419,212

4. Property, Plant and Equipment (Cont'd)

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2020										
Balance brought forward	12,063,260	10,124,018	1,939,016	332,965	1,513,814	18,463,636	1,133,389	5,765,042	590,342	51,925,482
Accumulated impairment										
At 1 January / At 31 December 2020	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Carrying amount										
At 31 December 2020	12,063,260	10,124,018	1,939,016	186,336	1,440,286	16,685,564	1,133,389	5,765,042	590,342	49,927,253

4. Property, Plant and Equipment (Cont'd)

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2019										
At cost										
At 1 January 2019	12,063,260	15,876,176	16,338,259	1,945,107	6,708,876	77,177,615	8,868,427	34,803,964	3,378,100	177,159,784
Effect of adopting MFRS 16	-	(6,144,006)	(12,795,608)	-	-	(90,500)	(5,118,746)	-	-	(24,148,860)
At 1 January 2019, restated	12,063,260	9,732,170	3,542,651	1,945,107	6,708,876	77,087,115	3,749,681	34,803,964	3,378,100	153,010,924
Additions	-	-	-	39,888	302,752	6,025,214	358,704	10,637,070	190,801	17,554,429
Disposals	-	-	-	-	-	(4,178,597)	(466,418)	-	-	(4,645,015)
Written off	-	-	-	-	-	-	-	-	(3,678)	(3,678)
Exchange differences	-	-	(84,405)	(229,156)	(2,052,808)	2,147,702	(16,244)	(7,228)	(2,447)	(244,586)
At 31 December 2019	12,063,260	9,732,170	3,458,246	1,755,839	4,958,820	81,081,434	3,625,723	45,433,806	3,562,776	165,672,074
Accumulated depreciation										
At 1 January 2019	-	1,802,427	1,999,583	1,007,642	4,473,185	39,620,778	6,597,982	11,164,005	2,406,244	69,071,846
Effect of adopting MFRS 16	-	(703,804)	(541,695)	-	-	(39,217)	(3,946,242)	-	-	(5,230,958)
At 1 January, restated	-	1,098,623	1,457,888	1,007,642	4,473,185	39,581,561	2,651,740	11,164,005	2,406,244	63,840,888
Charge for the financial year	-	159,641	259,732	64,997	656,876	6,725,402	262,867	4,142,406	235,691	12,507,612
Disposals	-	-	-	-	-	(445,312)	(592,433)	-	-	(1,037,745)
Written off	-	-	-	-	-	-	-	-	(3,677)	(3,677)
Exchange differences	-	158,254	(192,613)	(545,487)	(2,349,520)	2,703,347	408,324	(364,921)	40,308	(142,308)
At 31 December 2019	-	1,416,518	1,525,007	527,152	2,780,541	48,564,998	2,730,498	14,941,490	2,678,566	75,164,770

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land	Buildings	Leasehold properties and industrial land	Furniture and fittings	Office equipment	Yard infrastructure, machinery and equipment	Motor vehicles	Renovation	Computers and software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2019										
Balance brought forward	12,063,260	8,315,652	1,933,239	1,228,687	2,178,279	32,516,436	895,225	30,492,316	884,210	90,507,304
Accumulated impairment										
At 1 January 2019	-	-	-	-	-	-	-	-	-	-
Impairment during the financial year	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
At 31 December 2019	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Carrying amount										
At 31 December 2019	12,063,260	8,315,652	1,933,239	1,082,058	2,104,751	30,738,364	895,225	30,492,316	884,210	88,509,075

4. Property, Plant and Equipment (Cont'd)

	Freehold land	Buildings	Furniture and fittings	Office equipment	Renovation	Computers and software	Machinery and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Company								
2020								
At cost								
At 1 January 2020	11,713,260	9,402,170	175,137	327,803	11,973,280	774,519	36,040	34,402,209
Additions	-	-	-	9,140	11,338	9,799	-	30,277
Disposal	-	-	-	-	-	(4,095)	-	(4,095)
At 31 December 2020	11,713,260	9,402,170	175,137	336,943	11,984,618	780,223	36,040	34,428,391
Accumulated depreciation								
At 1 January 2020	-	1,455,740	63,689	115,925	7,501,861	748,260	22,824	9,908,299
Charge for the financial year	-	253,133	17,514	33,279	1,608,168	20,868	7,208	1,940,170
Written off	-	-	-	-	-	(4,093)	-	(4,093)
At 31 December 2020	-	1,708,873	81,203	149,204	9,110,029	765,035	30,032	11,844,376
Carrying amount								
At 31 December 2020	11,713,260	7,693,297	93,934	187,739	2,874,589	15,188	6,008	22,584,015

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land	Buildings	Leasehold industrial land	Furniture and fittings	Office equipment	Renovation	Computers and software	Machinery and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company									
2019									
At cost									
At 1 January 2019	11,713,260	9,402,170	842,459	162,217	288,873	11,923,220	761,057	36,040	35,129,296
Effect of adoption MFRS 16	-	-	(842,459)	-	-	-	-	-	(842,459)
At 1 January 2019, restated	11,713,260	9,402,170	-	162,217	288,873	11,923,220	761,057	36,040	34,286,837
Additions	-	-	-	12,920	38,930	50,060	13,462	-	115,372
At 31 December 2019	11,713,260	9,402,170	-	175,137	327,803	11,973,280	774,519	36,040	34,402,209
Accumulated depreciation									
At 1 January 2019	-	1,202,608	76,178	46,240	83,793	5,593,977	702,936	15,616	7,721,348
Effect of adoption MFRS 16	-	-	(76,178)	-	-	-	-	-	(76,178)
At 1 January 2019, restated	-	1,202,608	-	46,240	83,793	5,593,977	702,936	15,616	7,645,170
Charge for the financial year	-	253,132	-	17,449	32,132	1,907,884	45,324	7,208	2,263,129
At 31 December 2019	-	1,455,740	-	63,689	115,925	7,501,861	748,260	22,824	9,908,299
Carrying amount									
At 31 December 2019	11,713,260	7,946,430	-	111,448	211,878	4,471,419	26,259	13,216	24,493,910

Notes to Financial Statements

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 23 are:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Freehold land	12,063,260	2,063,260	11,713,260	11,713,260
Buildings	10,124,018	8,315,652	7,693,297	7,946,430
Leasehold properties and industrial land	1,939,016	1,933,239	-	-
	24,126,294	22,312,151	19,406,557	19,659,690

As at 31 December 2020, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 54 years and 86 years, which are expired on 2073 and 2105 respectively.

(b) The aggregate costs for the property, plant and equipment of the Group and of the Company acquired under cash payments.

Notes to Financial Statements

5. **Right-of-Use Assets**

Group	Leasehold properties and industrial land	Machinery and Equipment	Motor vehicles	Land right use	Office and apartments	Total
	RM	RM	RM	RM	RM	RM
2020						
At cost						
At 1 January 2020	21,768,533	6,578,711	5,587,654	1,865,888	16,533,512	52,334,298
Additions	385,722	89,107	317,517	-	2,085,284	2,877,630
Reclassification	-	-	1,081,681	-	(1,081,681)	-
Transfer to property, plant and equipments	-	-	(1,831,364)	-	-	(1,831,364)
Derecognition arising from termination of lease agreement	(1,115,449)	(6,164,481)	-	-	-	(7,279,930)
Modification to lease terms	-	-	(298,276)	-	(2,106,995)	(2,405,271)
Exchange differences	121,467	-	(569)	88,835	(26,293)	183,440
At 31 December 2020	21,160,273	503,337	4,856,643	1,864,906	15,403,827	43,878,803

5. **Right-of-Use Assets (Cont'd)**

Group	Leasehold properties and industrial land RM	Machinery and Equipment RM	Motor vehicles RM	Land right use RM	Office and apartments RM	Total RM
2020						
Accumulated depreciation						
At 1 January 2020	3,052,328	1,300,381	4,795,297	347,844	4,368,123	13,863,973
Charge for the financial year	1,423,850	1,203,996	759,131	39,262	4,285,794	7,711,486
Reclassification	-	-	405,284	-	(405,284)	-
Transfer to property, plant and equipments	-	-	(1,831,361)	-	-	(1,831,361)
Derecognition arising from termination of lease agreement	(1,313,799)	(2,313,263)	-	-	-	(3,627,062)
Modification to lease terms	-	-	(190,566)	-	(1,834,721)	(2,025,287)
Exchange differences	-	-	(684)	(76,681)	810	(76,555)
At 31 December 2020	3,275,713	191,114	3,937,040	403,499	6,386,874	14,194,240
Accumulated impairment						
At 1 January/ 31 December 2020		-	10,934	-	-	10,934
Carrying amount						
At 31 December 2020	17,884,560	312,223	908,669	1,551,224	9,016,953	29,673,629

5. **Right-of-Use Assets (Cont'd)**

Group	Leasehold properties and industrial land	Machinery and Equipment	Motor vehicles	Land right use	Office and apartments	Total
	RM	RM	RM	RM	RM	RM
2019						
At cost						
At 1 January 2019	-	-	-	1,960,563	-	1,960,563
Effect of adopting MFRS 16	21,068,530	1,937,201	5,417,021	-	15,803,510	44,226,262
At 1 January 2019, restated	21,068,530	1,937,201	5,417,021	1,960,563	15,803,510	46,186,825
Additions	700,003	4,641,510	170,633	-	730,002	6,242,148
Exchange differences	-	-	-	(94,675)	-	(94,675)
At 31 December 2019	21,768,533	6,578,711	5,587,654	1,865,888	16,533,512	52,334,298
Accumulated depreciation						
At 1 January 2019	-	-	-	326,280	-	326,280
Effect of adopting MFRS 16	1,727,377	316,222	4,037,382	-	-	6,080,981
At 1 January 2019, restated	1,727,377	316,222	4,037,382	326,280	-	6,407,261
Charge for the financial year	1,324,951	984,159	757,915	38,139	4,368,123	7,473,287
Exchange differences	-	-	-	(16,575)	-	(16,575)
At 31 December 2019	3,052,328	1,300,381	4,795,297	347,844	4,224,121	13,863,973
Accumulated impairment						
At 1 January 2019	-	-	-	-	-	-
Impairment during the financial year	-	-	10,934	-	-	10,934
At 31 December 2019	-	-	10,934	-	-	10,934
Carrying amount						
At 31 December 2019	18,716,205	5,278,330	781,423	1,518,044	12,165,389	38,459,391

Notes to Financial Statements

5. Right-of-Use Assets (Cont'd)

Leasehold land

Company	**2020 RM**	**2019 RM**
At cost		
At 1 January	842,459	-
Effect of adopting MFRS 16	-	842,459
At 1 January, restated	842,459	842,459
Additions	-	-
At 31 December	842,459	842,459
Accumulated depreciation		
At 1 January	84,687	-
Effect of adopting MFRS 16	-	76,178
At 1 January	84,687	76,178
Charge for the financial year	8,511	8,509
At 31 December	93,198	84,687
Carrying amount		
At 31 December	749,261	757,772

The Group and the Company lease machinery and equipment, motor vehicles, office and apartment, leasehold land and properties.

Leasehold properties and industrial land are pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements.

As at 31 December 2020 the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 53 years and 86 years, which are expired on 2073 and 2105 respectively.

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 38 (2019: 39 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements.

Notes to Financial Statements

6. Investments in Subsidiaries

	Company 2020 RM	2019 RM
In Malaysia:		
At cost		
Unquoted shares	148,225,025	108,125,008
Less: Accumulated impairment losses	(19,150,002)	(19,150,002)
	129,075,023	88,975,006
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	139,122,229	99,022,212

Movement in the allowance for impairment loss are as follows:

	Company 2020 RM	2019 RM
At 1 January	19,150,002	18,449,996
Impairment losses recognised	-	700,006
At 31 December	19,150,002	19,150,002

Notes to Financial Statements

6. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics safety equipment and electro-mechanical accessories
Destini Energy Sdn. Bhd (formerly knowns as Destini Fire Safety Sdn. Bhd.)	Malaysia	100	100	Dormant
Destini Engineering Technologies Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and general contractors, construction of telecommunication engineering and other related services
Destini Infotech Sdn. Bhd. (formerly known as Destini Info Tech Sdn. Bhd.)	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and computerised security systems and its related services
Destini Australia Pty. Ltd.*	Australia	100	100	Dormant
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipments
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling, running, repair and maintenance, lease and operate drilling rigs in oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley
Destini Empire Properties Sdn. Bhd.	Malaysia	100	100	Dormant

Notes to Financial Statements

6. **Investments in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Detrac Sdn. Bhd.	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Venture Sdn. Bhd. (formerly known as Prinsip Pertiwi Sdn. Bhd.)	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	100	Dormant
Blackstone Dagangan Pte. Ltd.*	Malaysia	70	-	Trading of coal
Held through Destini Prima Sdn. Bhd.:				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Dormant
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services
Halaman Optima Sdn. Bhd	Malaysia	70	70	Manufacturers, importer and exporters of safety and security products and defence equipment
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Armada Delmar Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment
Held through Destini Aviation Sdn. Bhd.:				
Safeair Technical Sdn. Bhd.	Malaysia	97.95	80	Specialise in aircraft servicing and provide technical ground handling services for commercial airlines

Notes to Financial Statements

6. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Held through Destini Shipbuilding And Engineering Sdn. Bhd.:				
THHE Destini Sdn. Bhd.	Malaysia	51	51	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Held through Destini Oil Services Sdn. Bhd.:				
Destini Upstream Sdn. Bhd. (formerly known as Destini Downstream Sdn. Bhd.)	Malaysia	100	100	Dormant
Held through Destini Rail Sdn. Bhd.:				
DLP Rail Sdn. Bhd.	Malaysia	100	-	Dormant
Held through Destini Armada Pte. Ltd.:				
Vanguarde Pte. Ltd.*	Singapore	100	100	Importer and exporter of life boats and life saving appliances
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
AMS Marine Pte. Ltd.*	Singapore	70	70	Engineering services for marine engine and ship parts
PT Destini Marina Perkasa*	Indonesia	99.9	-	Provision of jetty/port operations related services to companies involved with mining activities
Held through Vanguarde Pte. Ltd.:				
Vanguarde Offshore Pte. Ltd.*	Singapore	100	100	Importer and exporter of marine equipment and accessories
Vanguard (Nantong) FRP Co. Ltd.*	People's Republic of China	100	100	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	General merchants and business in oil and gas
Vanguarde Marine Engine Pte. Ltd.*.	Singapore	100	100	Dormant

6. **Investments in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2020 %	2019 %	Principal activities
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Servicing the needs of Shipping and Petroleum Companies and supporting their fleets
Techno Fibre Middle East Marine Services (FZE)*	United Arab Emirates	100	100	Providing installation & maintenance of marine equipment
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Fabrication and repair of fibre composite boats
Destini Marine Safety Solutions Ltd.*	United Kingdom	60	60	Technical testing and repair and maintenance of analysis
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	51	Providing installation & maintenance of marine equipment
Held through AMS Marine Pte. Ltd.:				
AMS Engineering Solutions Sdn. Bhd.	Malaysia	100	100	Building and repairing of ships, tankers and other ocean-going vessels

** Subsidiaries not audited by UHY*

Notes to Financial Statements

6. Investments in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of Company	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	%	**%**	**RM**	**RM**	**RM**	**RM**
Detrac Sdn. Bhd.	30	30	(311,576)	(662,329)	(685,249)	(373,673)
Halaman Optima Sdn. Bhd.	30	30	577,370	(739,646)	216,790	(360,580)
Safeair Technical Sdn. Bhd.	2.05	2.05	(80,146)	(257,031)	(284,704)	(204,558)
AMS Marine Pte. Ltd.	30	30	(146,903)	753,286	(563,822)	(416,919)
THHE Destini Sdn. Bhd.	49	49	166,480	(190,214)	(23,734)	(190,214)
TF Corp Saudi Co. Ltd	49	49	(216,993)	(178,252)	(395,245)	(178,252)
Destini Marine Safety Solutions Ltd.	40	40	474,348	(438,255)	36,093	(438,255)
					(1,699,871)	(2,162,451)
Individually immaterial subsidiaries with non-controlling interests					(129,425)	19,701
Total non-controlling interests					(1,829,296)	(2,142,750)

6. **Investments in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations:

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Summarised statements of financial position								
Non-current assets	400,638	607,545	16,137	20,747	142,479	5,175,117	11,121,890	12,916,219
Current assets	439,828	914,033	87,498,768	119,917,580	998,999	1,254,628	27,585,739	30,160,261
Non-current liabilities	-	-	-	-	(55,812)	(4,096,731)	(10,816,538)	(2,549,026)
Current liabilities	(3,124,630)	(2,767,156)	(86,792,272)	(121,140,261)	(15,069,667)	(12,407,451)	(23,844,316)	(35,988,506)
Net assets/(liabilities)	(2,284,164)	(1,245,578)	722,633	(1,201,934)	(13,984,001)	(10,074,437)	4,046,775	4,538,948
Summarised statements of profit or loss and other comprehensive income								
Revenue	6,000	255,950	-	-	2,714,211	5,961,752	18,543,454	36,510,547
Net (loss)/profit for the financial year	(1,038,587)	(2,207,763)	1,924,567	(2,465,486)	(3,909,564)	(12,545,328)	(489,676)	2,510,954
Total comprehensive (loss)/income for the financial year	(1,038,587)	(2,207,763)	1,924,567	(2,465,486)	(3,909,564)	(12,545,328)	(542,961)	2,510,954

6. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
Summarised statements of cash flows								
Net cash from/(used in) operating activities	(483,960)	(1,474,212)	37,010,819	3,327,458	(873,057)	203,647	649,492	3,345,339
Net cash from/(used in) investing activities	3,284	610,235	-	-	(17,056)	1,498,820	(279,209)	11,067,573
Net cash from/(used in) financing activities	458,748	693,450	(33,462,351)	(3,339,933)	873,612	(2,185,580)	(451,103)	1,486,403
Net increase/(decrease) in cash and cash equivalents	(21,928)	(170,527)	3,548,468	(12,475)	(16,501)	(483,113)	(80,820)	15,899,315

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd).

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM
Summarised statements of financial position						
Non-current assets	34,239	39,249	308,180	358,636	107,491	177,373
Current assets	41,610,067	659,418	760,351	898,876	2,107,274	2,272,329
Non-current liabilities	-	-	-	-	(2,141,233)	(2,026,352)
Current liabilities	(41,067,039)	(461,155)	(1,256,357)	(1,016,229)	(3,169,692)	(4,451,321)
Net assets/(liabilities)	577,267	237,512	(187,826)	241,283	(3,096,160)	(4,027,971)
Summarised statements of profit or loss and other comprehensive income						
Revenue	93,113,835	86,441,250	-	-	6,227,742	6,896,991
Net (loss)/profit for the financial year	339,755	(388,192)	(442,843)	(363,779)	1,185,870	(1,095,637)
Total comprehensive (loss)/income for the financial year	339,755	(388,192)	(429,617)	(367,092)	1,015,072	(1,028,323)

6. Investment in Subsidiaries (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd).

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM
Summarised statements of cash flows						
Net cash from/(used in) operating activities	(26,586,294)	(269,530)	(429,617)	(367,092)	796,684	(322,165)
Net cash from/(used in) investing activities	(5,465,906)	(331,130)	-	-	(25,912)	70,896
Net cash from/(used in) financing activities	32,062,954	268,786	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	10,754	(331,874)	(429,617)	(367,092)	770,772	(251,269)

6. Investment in Subsidiaries (Cont'd)

(b) Acquisition of subsidiaries

During the financial year

(i) On 20 February 2020, Destini Armada Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a 99.99% owned subsidiary company, PT Destini Marina Perkasa, with a cash subscription of Indonesian Rupiah 99,999,000 (approximately RM29,500).

(ii) On 20 May 2020, Destini Berhad incorporated a 60% owned subsidiary company, Blackstone Dagangan Pte. Ltd., with a cash subscription of Singapore Dollars 6 (approximately RM18).

(iii) On 29 December 2020, Destini Berhad increase its investment in Destini Oil Services Sdn. Bhd. ("DOS") by capitalisation of amount due to the Company by DOS of RM40,000,000 to share capital of DOS.

In previous financial year

On 19 April 2019, Destini Rail Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new wholly-owned subsidiary namely DLP Rail Sdn. Bhd. under the Companies Act, 2016 as a private company limited by shares with 100,000 ordinary shares for total consideration of RM100,000.

The effect of incorporation of subsidiary company did not have any material effect on the financial results and position of the Group.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

7. Investment in Associates

	Group		Company	
	2020	2019	2020	2019
Outside Malaysia	**RM**	**RM**	**RM**	**RM**
At cost				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

Notes to Financial Statements

7. Investment in Associates (Cont'd)

Details of the associates are as follows:

Name of company	Country of Incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.* .	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance, repair and maintenance of engine ships

** Associates not audited by UHY*

The offshore project that an associate, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") had ventured into previously has been called off during the financial year due to project feasibility and economic viability. As such, the Company is not expected to share any gain or loss in EKSTB as EKSTB is remained inactive and does not incurred any operating nor administrative cost during the financial year.

Summarised financial information of the Group's associate, TF Emirates Marine Services L.L.C. ("TFEMS") is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

	EKSTB 2020 RM	EKSTB 2019 RM	TFEMS 2020 RM	TFEMS 2019 RM
Summarised statements of financial position				
Non-current assets	-	-	107,053	123,099
Current assets	539,170	539,170	454,146	543,861
Current liabilities	(7,360,812)	(7,360,812)	(1,030,975)	(994,864)
Net liabilities	(6,821,642)	(6,821,642)	(469,776)	(327,904)
Interest in associate	49%	49%	49%	49%
Group's share of net assets/(liabilities)	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-
Summarised statements of profit or loss and other comprehensive income				
Revenue	-	-	381,086	431,327
Net loss for the financial financial year	-	-	(154,744)	(63,546)
Total comprehensive loss for the financial year	-	-	(154,744)	(63,546)

The Group has not recognised accumulated losses related to EKSTB and TFEMS totaling RM3,534,342 (2019: RM3,534,342) and RM398,743 (2019: RM322,918) respectively, since the Group has no obligation in respect of their losses.

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

8. Investment in Joint Ventures

	Group 2020 RM	Group 2019 RM
In Malaysia:		
At Cost		
Unquoted shares	1,000,001	1,296,771
Less: Share of post acquisition reserve	(1,000,001)	(1,296,771)
	-	-

Details of the joint ventures are as follows:

Name of company	Country of Incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	50	50	Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector
Invation Aero Sdn Bhd. ("IASB")*	Malaysia	50	50	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services
Federal Destini (S) Pte. Ltd. ("FDSPT")*	Singapore	-	50	Drilling and related services, well intervention services, offshore greenfield development and decommissioning services in the South Asia and South-East Asia region

** Joint ventures not audited by UHY*

<u>During the financial year</u>

FDSPT, a joint venture of the Destini Oil Services Sdn. Bhd. had on an Extraordinary General Meeting held on 14 July 2020 approved on capital reduction and cancelled 100,000 issued and paid-up share capital of the Company amounting to approximately RM352,454, and had on 1 October 2020, being striking off. The striking off did not have any material effect on the financial results and position of the Group.

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

8. Investment in Joint Ventures (Cont'd)

Summarised financial information of the Group's joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of joint ventures and not the Group's share of those amounts.

	DATSB		IASB		FDSPT	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Summarised statements of financial position						
Non-current assets	642,467	1,134,699	-	-	-	-
Current assets	2,314,131	2,147,834	365,402	287,916	-	517,949
Non-current liabilities	(3,537,717)	(234,677)	-	-	-	-
Current liabilities	(2,138,093)	(5,398,416)	(2,181,804)	(1,579,091)	-	(30,513)
Net liabilities	(2,719,212)	(2,350,560)	(1,816,402)	(1,291,175)	-	487,436
Interest in joint ventures	50%	50%	50%	50%	50%	50%
Group's share of net liabilities	(1,359,606)	(1,175,280)	(908,201)	(645,588)	-	-
Carrying value of the Group's interest in joint venture	(1,359,606)	(1,175,280)	(908,201)	(645,588)	-	-
Summarised statements of comprehensive income profit or loss and other						
Revenue	2,853,602	3,820,738	-	-	-	-
Net loss for the financial year, representing total comprehensive loss for the financial year	(380,710)	(369,358)	(525,228)	(1,091,177)	-	(24,866)
Unrecognised share of losses of joint ventures:						
The unrecognised share of losses of joint ventures	(190,355)	(184,679)	(262,614)	(545,589)	-	(12,433)
Cumulative unrecognised share of losses of joint ventures	550,216	740,571	334,189	596,803	(124,463)	(124,463)

Notes to Financial Statements

9. Investment in Securities

	Group and Company 2020 RM	2019 RM
Financial assets at fair value through profit or loss		
Quoted securities at fair value		
-Quoted shares in Malaysia	3,436,456	430,134

The quoted securities measured at fair value recurring basis and classified as level 1 of the fair value hierarchy by reference to quoted price at active market.

10. Intangible Assets

	Software RM	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group						
2020						
At cost						
At 1 January	-	1,617,000	193,498,546	6,746,994	5,477,922	207,340,462
Additions	326,179	-	-	-	-	326,179
Exchange differences	-	-	-	(327,369)	(265,791)	(593,160)
At 31 December	326,179	1,617,000	193,498,546	6,419,625	5,212,131	207,073,481
Accumulated amortisation						
At 1 January	-	539,207	-	2,893,418	3,847,914	7,280,539
Recognised in profit or loss	32,618	-	-	591,012	1,068,289	1,691,919
Exchange differences	-	-	-	(1,147,064)	(1,192,674)	(2,339,738)
At 31 December	32,618	539,207	-	2,337,366	3,723,529	6,632,720
Accumulated impairment losses						
At 1 January	-	1,077,793	88,084,526	3,853,576	-	93,015,895
Recognised in profit or loss	-	-	38,255,132	-	-	38,255,132
Reversal during the financial year	-	-	-	(3,503,636)	-	(3,503,636)
Exchange differences	-	-	-	822,750	-	822,750
At 31 December	-	1,077,793	126,339,658	1,172,690	-	128,590,141
Carrying amount						
At 31 December	293,561	-	67,158,888	2,909,569	1,488,602	71,850,620

Notes to Financial Statements

10. Intangible Assets (Cont'd)

	Brand	Goodwill	Product technology	Development costs	Total
	RM	RM	RM	RM	RM
Group					
2019					
At cost					
At 1 January	1,617,000	193,498,546	6,746,994	10,739,283	212,601,823
Additions	-	-	-	784,557	784,557
Written off	-	-	-	(5,900,678)	(5,900,678)
Exchange differences	-	-	-	(145,240)	(145,240)
At 31 December	1,617,000	193,498,546	6,746,994	5,477,922	207,340,462
Accumulated amortisation					
At 1 January	431,200	-	1,927,712	4,186,014	6,544,926
Recognised in profit or loss	108,007	-	965,706	1,051,000	2,124,713
Written off	-	-	-	(1,227,968)	(1,227,968)
Exchange differences	-	-	-	(161,132)	(161,132)
At 31 December	539,207	-	2,893,418	3,847,914	7,280,539
Accumulated impairment losses					
At 1 January	-	1,334,431	-	-	1,334,431
Recognised in profit or loss	1,077,793	86,750,095	3,853,576	-	91,681,464
At 31 December	1,077,793	88,084,526	3,853,576	-	93,015,895
Carrying amount					
At 31 December	-	105,414,020	-	1,630,008	107,044,028

(a) Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. The brand was fully impaired in the financial year ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows was lower than the carrying amount.

Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary saw a potential for such market and hence had spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi-period excess earnings method ("MEEM"). The product technology was fully impaired in the financial year ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows was lower than the carrying amount. In current financial year 2020, the impairment loss on one of the product technologies amounting to RM3,503,636 was reversed and recognised as gain on reversal of impairment loss in profit or loss when the recoverable amount arising from value in use determined by discount future cash flows exceeded the carrying amount due to a new contract entered by a subsidiary company and a contract customer.

10. Intangible Assets (Cont'd)

(a) Description of the intangible assets (Cont'd)

Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have an average remaining amortisation period of 1 year (2019: 2 years). One of the development costs was fully impaired in the financial year ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows is lower than the carrying amount.

(b) Impairment testing for cash generating units ("CGU") containing goodwill

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes. The goodwill allocated to each CGU is impaired during the financial year when the recoverable amount from value in use is higher than the carrying amount.

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	Group	
	2020	**2019**
	RM	**RM**
Destini Oil Services Sdn. Bhd. ("DOSSB")	67,158,888	67,158,888
Destini Shipbuilding And Engineering Sdn. Bhd. ("DSESB")	-	38,255,132
	67,158,888	105,414,020

The recoverable amount of the goodwill allocated to each CGU is determined based on a value-in-use, determined by discounted future cash flows. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment. During the financial year, the full impairment loss on goodwill allocated to subsidiaries namely DSESB amounted to RM38,255,132 due to persistent losses incurred by the CGU were recognised in the profit of loss.

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and three to five years business plan;

(ii) Revenue was projected at anticipated annual revenue growth of approximately 5% to 15% per annum;

(iii) Expenses were projected at annual increase of approximately 1.5% to 5% per annum; and

(iv) A pre-tax discount rate of 8% to 10% was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU.

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

Notes to Financial Statements

11. Other Receivables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-Current Assets				
Other receivables	1,709,775	4,926,619	-	12,910,389
Current Assets				
Other receivables	11,088,438	24,489,773	520,156	17,421,607
GST receivable	3,908,888	4,559,431	294,460	319,356
Deposits				
-Suppliers (Trade)	172,336	106,375	-	-
-Others (Non-trade)	3,441,016	3,719,445	412,841	139,950
	3,613,352	3,825,820	412,841	139,950
Prepayments	40,148,986	53,630,346	14,996	35,535
	58,759,664	86,505,370	1,242,453	17,916,448
Less: Accumulated impairment losses	(907,132)	(17,808,583)	(67,539)	(16,968,990)
	57,852,532	68,696,787	1,174,914	947,458
	59,562,307	73,623,406	1,174,914	947,458

Non-current assets
This represented unsecured, non-interest bearing and is not expected to be repayable within twelve months.

Movements in allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	17,808,583	790,745	16,968,990	-
Impairment loss recognised	-	17,356,128	-	16,968,990
Written off	(16,901,451)	(338,290)	(16,901,451)	-
At 31 December	907,132	17,808,583	67,539	16,968,990

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Notes to Financial Statements

12. Other Investment

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Golf club membership	320,000	320,000	150,000	150,000

This represents investment stated at cost in a local golf club and resort, which entitles the Group's and the Company's management and staff to utilise the facilities.

13. Inventories

	Group	
	2020 RM	2019 RM
At cost		
Spare parts and consumables	3,388,430	3,688,941
Raw materials	5,837,187	7,319,980
Work-in-progress	1,423,080	1,668,776
Finished goods	1,915,147	816,702
	12,563,844	13,494,399
Recognised in profit or loss:		
Inventories recognised as cost of sales	7,634,606	33,407,046
Inventories written off	-	13,194

The inventories are written off when it has lost its value and cannot be sold due to damage, theft, loss, or decline in market value.

14. Contract Assets/(Liabilities)

	Group	
	2020 RM	2019 RM
Current		
Contract assets		
Construction contract	174,252,861	17,513,244
Contract liabilities		
Construction contract	58,219,199	6,245,280

The significant changes in the contract assets and contract liabilities during the financial year relating to change in measure of construction progress.

Notes to Financial Statements

14. Contract Assets/(Liabilities) (Cont'd)

Construction contracts

	Group	
	2020	2019
	RM	RM
Contract costs incurred to date	1,732,255,739	1,107,640,955
Attributable profits	105,506,012	126,379,525
	1,837,761,751	1,234,020,480
Less: Progress billings	(1,721,728,089)	(1,222,752,516)
	116,033,662	11,267,964
Presented as:		
Contract assets	174,252,861	17,513,244
Contract liabilities	(58,219,199)	(6,245,280)
	116,033,662	11,267,964

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

During the financial year, the following costs are capitalised to costs:

	Group	
	2020	2019
	RM	RM
Short term lease expenses relating to :		
- plant and machineries	-	1,827,548
- others	-	222,560

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM230,419,533 (2019: RM285,859,977. The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12-24 months.

Notes to Financial Statements

15. Trade Receivables

	Group	
	2020	2019
	RM	RM
Trade receivables	106,739,989	256,470,647
Less: Accumulated impairment losses	(31,823,415)	(45,667,907)
	74,916,574	210,802,740

The Group's normal trade credit terms range from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss are as follows:

	Group	
	2020	2019
	RM	RM
At 1 January	45,667,907	4,637,910
Impairment loss recognised	3,306,919	42,468,364
Impairment loss reversed	(13,631,072)	(1,311,522)
Amount written off	(3,520,339)	(126,845)
At 31 December	31,823,415	45,667,907

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes to Financial Statements

15. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

Group	Gross amount RM	Loss allowance RM	Net amount RM
2020			
Neither past due nor impaired	17,698,360	(26,100)	17,672,260
Past due not impaired:			
Less than 30 days	5,481,131	(8,580)	5,472,551
31 to 60 days	3,635,975	(4,791)	3,631,184
61 to 90 days	7,807,573	(40,487)	7,767,086
More than 90 days past due	43,933,703	(3,560,210)	40,373,493
	60,858,382	(3,614,068)	57,244,314
	78,556,742	(3,640,168)	74,916,574
Credit impaired:			
Individual impaired	28,183,247	(28,183,247)	-
	106,739,989	(31,823,415)	74,916,574
2019			
Neither past due nor impaired	48,183,578	(138,510)	48,045,068
Past due not impaired:			
Less than 30 days	5,762,180	(21,196)	5,740,984
31 to 60 days	4,177,616	(20,554)	4,157,062
61 to 90 days	2,521,939	(16,052)	2,505,887
More than 90 days past due	160,160,941	(9,807,202)	150,353,739
	172,622,676	(9,865,004)	162,757,672
	220,806,254	(10,003,514)	210,802,740
Credit impaired:			
Individual impaired	35,664,393	(35,664,393)	-
	256,470,647	(45,667,907)	210,802,740

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, trade receivables of RM57,244,314 (2019: RM162,757,672) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM28,183,247 (2019: RM35,664,393), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

Notes to Financial Statements

16. Amount Due from/(to) Subsidiaries

	Company	
	2020	2019
	RM	RM
Amount due from subsidiaries	267,165,752	282,264,458
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	251,694,145	266,792,869
Amount due to subsidiaries	(1,389,884)	(11,915,675)

The amount due from/(to) subsidiaries are unsecured, interest free and are repayable/ payable on demand except for an amount due from a subsidiary of RM7,364,727 (2019: RM14,952,489) which bears interest at a rate of 6.3% (2019: 6.3%) per annum.

17. Amount Due from Joint Ventures

This amount represents unsecured, interest free advances and is repayable on demand.

18. Amount Due from Associate Company

This represents unsecured, interest free advances and are repayable on demand.

19. Fixed Deposits with Licensed Banks

The fixed deposits of the Group at amount of RM16,937,725 (2019: RM16,442,167) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 23.

The interest rates of deposits during the financial year range from 1.50% to 3.25% (2019: 0.05% to 3.45%) per annum and the maturities of deposits are 5 to 365 days (2019: 5 to 365 days) respectively.

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	1,180,230,299	1,155,230,299	388,236,871	382,806,871
Issuance of shares: -private shares placement	345,046,059	25,000,000	65,737,890	5,430,000
At 31 December	1,525,276,358	1,180,230,299	453,974,761	388,236,871

During the financial year, the Company issued:

i. 50,000,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1960 per share amounting to RM9,800,000 on 13 February 2020;

ii. 55,163,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1450 per share amounting to RM7,998,635 on 16 July 2020;

iii. 60,600,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.1650 per share amounting to RM9,999,000 on 30 July 2020;

iv. 40,283,059 ordinary shares pursuant to the private placement exercises at issue price of RM0.1827 per share amounting to RM7,359,715 on 6 August 2020; and

v. 139,000,000 ordinary shares pursuant to the private placement exercises at issue price of RM0.2200 per share amounting to RM30,580,540 on 3 December 2020.

Notes to Financial Statements

20. Share Capital (Cont'd)

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

21. Foreign Currency Translation Reserve

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

22. Lease Liabilities

	Group	
	2020	**2019**
	RM	**RM**
At 1 January 2020	21,416,387	-
Effect of adoption of MFRS 16	-	21,795,356
At 1 January 2020, as restated	21,416,387	21,795,356
Additions	3,089,253	6,631,697
Payments	(7,347,077)	(7,013,080)
Modification to lease	(163,813)	-
Derecognition arising from termination of lease agreement	(4,163,950)	-
Exchange difference	(7,054)	2,414
At 31 December 2020	12,823,746	21,416,387
Presented as:		
Repayable within twelve months	5,703,310	6,797,863
Repayable after twelve months	7,120,436	14,618,524
	12,823,746	21,416,387

Notes to Financial Statements

22. Lease Liabilities (Cont'd)

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2020 RM	2019 RM
Within one year	5,769,829	7,524,796
Between one to five years	6,697,968	11,307,570
Between two to five years	413,261	3,378,189
More than five years	83,033	126,211
	12,964,091	22,336,766
Less : Future finance charges	(140,345)	(920,379)
Present value of lease liabilities	12,823,746	21,416,387

The Group leases leasehold properties, machinery and equipment, motor vehicles, land use right, warehouse, office and apartments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions at interest rates ranging from 2.05% to 7.36% per annum. The leases have an average tenure of between 1 to 6 years.

23. Bank Borrowings

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Secured				
Bank overdrafts	1,169,277	1,259,390	-	-
Term loan I	46,644	72,127	-	-
Term loan II	315,825	135,320	-	-
Term loan III	7,155,168	7,516,362	7,155,168	7,516,362
Term loan IV	1,636,284	2,077,648	1,636,284	2,077,648
Term loan V	2,153,253	2,055,395	-	-
Term loan VI	2,158,204	4,280,577	-	-
Term loan VII	7,364,727	14,952,489	7,364,727	14,952,489
Term loan VIII	77,359,254	80,192,385	-	-
Term loan IX	5,912,275	2,206,995	-	-
Total bank borrowings	105,270,911	114,748,688	16,156,179	24,546,499

Notes to Financial Statements

23. Bank Borrowings (Cont'd)

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Analysed as:				
Repayable within twelve months				
Bank overdrafts	1,169,277	1,259,390	-	-
Term loan I	25,918	72,127	-	-
Term loan II	206,903	12,080	-	-
Term loan III	651,312	639,090	651,312	639,090
Term loan IV	392,832	392,832	392,832	392,832
Term loan V	-	2,055,395	-	-
Term loan VI	2,158,204	4,280,577	-	-
Term loan VII	1,900,000	14,952,489	1,900,000	14,952,489
Term loan VIII	77,359,254	80,192,385	-	-
Term loan XI	1,266,113	719,064	-	-
	85,129,813	104,575,429	2,944,144	15,984,411
Repayable after twelve months				
Term loan I	20,726	-	-	-
Term loan II	108,922	123,240	-	-
Term loan III	6,503,856	6,877,272	6,503,856	6,877,272
Term loan IV	1,243,452	1,684,816	1,243,452	1,684,816
Term loan V	2,153,253	-	-	-
Term loan VII	5,464,727	-	5,464,727	-
Term loan XI	4,646,162	1,487,931	-	-
	20,141,098	10,173,259	13,212,035	8,562,088
Total	105,270,911	114,748,688	16,156,179	24,546,499

23. Bank Borrowings (Cont'd)

Term loan I
The bank borrowing of AED99,750 (equivalent to RM112,224) obtained from a local bank bears interest at rate of 7.85% per annum.

Term loan II
The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing from September 2014.

The term loan is secured against facility agreement and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd ("SJPP"). It is also jointly and severally guaranteed by certain Directors of the Company.

Term loan III
The term loan is secured by way of a first legal charged on a freehold land and buildings of the Company at carrying amount of RM15,857,745. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV
The term loan is secured by way of a first legal charge on a freehold land and buildings of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

Term loan V
The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in People's Bank of China ("PRC"). The loan carries interest at 1.305% (2019: 1.305%) plus benchmark interest rates of the People's Bank of China and is repriced at interval of 1 month for period of 12 months from September 2020 to September 2021.

Term loan VI
The term loan with floating interest rate of 2.75% over the bank's prevailing interest rate per annum. The loan is repayable in 60 monthly installments and fully repaid in 2020. The loan is secured by:

(a) Pledge over fixed deposits ; and
(b) Pledge over the shares of a subsidiary of Destini Armada Pte. Ltd.

Term loan VII
The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017.

Term loan VIII
The bank borrowing-Import financing bears interest at rate of cost of fund plus 2.58% per annum and repayable by milestone payment from contract proceeds.

The bank borrowing is secured by ways of:

(a) Deed of assignment of contract proceeds and project account;
(b) Debenture incorporating fixed and floating assets;
(c) Personal guarantee by a Director and a former Director of the Company;
(d) Corporate guarantee by the Company; and
(e) Charge over shares and any future shares of the subsidiary.

Notes to Financial Statements

23. Bank Borrowings (Cont'd)

Term loan IX
The term loan with fixed interest rate of 3.50% to 5.00% per annum. The loan is repayable in 60 monthly installment and fully repaid in 2025. The loan is secured by:

(a) Corporate guarantee by holding company;
(b) Charge on all sums in current account;
(c) Charge over receivables; and
(d) Personal guarantee by a Director.

Bank overdraft
Bank overdraft is secured by the following:

(a) Fixed deposit pledged to licensed banks; and
(b) Jointly and severally guarantee by certain Directors.

Range of interest rates during the current and prior financial year is as follows:

	Group		Company	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Bank overdrafts	5.10-8.25	5.10-8.25	-	-
Term loans	3.50-12.90	5.00-12.90	6.95	6.95

Maturity of bank borrowing is as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Within one year	85,129,813	104,575,429	4,377,355	15,984,411
Between one to two years	11,648,994	10,173,259	11,778,824	8,562,088
Between two to five years	8,441,254	-	-	-
More than five years	50,850	-	-	-
	105,270,911	114,748,688	16,156,179	24,546,499

Notes to Financial Statements

24. Deferred Tax Liabilities

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	2,827,745	5,479,741	-	25,093
Recognised in profit or loss (Note 31)	(2,827,745)	(2,651,996)	-	(25,093)
At 31 December	-	2,827,745	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities	3,573,481	3,693,552	33,611	-
Deferred tax assets	(3,573,481)	(865,807)	(33,611)	-
	-	2,827,745	-	-

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

Group	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
Deferred tax assets			
At 1 January 2020	(296,255)	(569,552)	(865,807)
Recognised in profit or loss	(2,309,146)	(400,528)	(2,709,674)
At 31 December 2020	(2,605,401)	(970,080)	(3,575,481)
At 1 January 2019	(438,472)	(234,676)	(673,148)
Recognised in profit or loss	142,217	(334,876)	(192,659)
At 31 December 2019	(296,255)	(569,552)	(865,807)

Notes to Financial Statements

24. Deferred Tax Liabilities (Cont'd)

Group	Intangible assets RM	Accelerated capital allowances RM	Total RM
Deferred tax liabilities			
At 1 January 2020	-	3,693,552	3,693,552
Recognised in profit or loss	-	(120,071)	(120,071)
At 31 December 2020	-	3,573,481	3,573,481
At 1 January 2019	819,278	5,333,611	6,152,889
Recognised in profit or loss	(819,278)	(1,640,059)	(2,459,337)
At 31 December 2019	-	3,693,552	3,693,552

Company	2020 RM	2019 RM
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	-	25,093
Recognised in profit or loss	33,611	(25,093)
At 31 December	33,611	-
Deferred tax liabilities		
Unabsorbed capital allowances		
At 1 January	-	-
Recognised in profit or loss	(33,611)	-
At 31 December	(33,611)	-

24. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	54,274,322	25,789,837	3,671,041	1,705,700
Unabsorbed capital allowances	1,426,908	987,790	60,047	39,956
Other deductible temporary differences	2,105,643	2,532,487	-	-
	57,806,873	29,310,114	3,731,088	1,745,656

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

With effect from year of assessment 2019, the unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward until the following years of assessment:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised business losses				
-Not more than 7 years	117,572,739	77,290,764	13,041,941	7,107,084
-Not more than 6 years	74,919,466	31,251,000	2,254,065	-
-Not more than 5 years	31,251,000	-	-	-
	223,743,205	108,541,764	15,296,006	7,107,084

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

Notes to Financial Statements

25. Other Payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-Current Liability				
Other payables	458,751	394,228	-	-
Current Liabilities				
Other payables	57,018,645	59,141,520	1,400,553	2,344,598
GST payable	1,435,353	783,894		-
Accruals	11,856,548	12,333,034	149,420	149,420
Provision for warranty	513,722	425,000	-	-
Invoice financing	8,261,536	7,054,690	-	-
Deposits received	1,763,914	3,519	-	-
	80,849,718	79,741,657	1,549,973	2,494,018
	81,308,469	80,135,885	1,549,973	2,494,018

Invoice financing is repayable within 150 to 180 (2019: 60 to 180) days with interest at rate of 1.00% to 1.17% (2019: 1.00 to 1.17%) per annum above the Bank's prevailing prime lending rate at 3.00% to 5.25% (2019: 5.25% to 5.50%). The facilities are secured by way of corporate guarantee by ultimate holding company, pledged deposits and a charge on all sum in the current account of the subsidiary company's bank account.

26. Redeemable Preference Shares

	Group			
	Number of Shares		Amount	
	2020 Units	2019 Units	2020 Units	2019 Units
Issued and fully paid:				
At 1 January	250,000	250,000	1,350,901	1,346,903
Exchange difference	-	-	76,586	3,998
At 31 December	250,000	250,000	1,427,487	1,350,901

The redeemable preference shares are issued by a subsidiary, Destini Marine Safety Solutions Ltd. in August 2016. The preference shares holders are entitled to a return of 1% per annum and the shares are redeemable on 31 August 2019. Preference shares have been discounted using an effective interest rate of 10%. As at 31 December 2020, the preference shares have not been redeemed. The subsidiary company has decided to indefinitely postpone the redemption of these shares as at 31 December 2020.

The subsidiary company has the right to call for the preference shares at anytime by giving notice in accordance with the agreement.

26. Redeemable Preference Shares (Cont'd)

The main features of the preference shares are as follows:

(i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.

(ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.

(iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty-six (36) months from the date of issuance.

(iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

27. Trade Payables

Credit terms of trade payables of the Group and Company ranged from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

28. Revenue

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Revenue form contracts with customers:				
-Sales of goods	19,368,237	25,870,101	-	-
-Rendering of services	78,155,210	184,304,380	-	-
-Contract revenue	92,602,128	87,562,328	-	-
-Management fee	-	-	-	2,825,000
	190,125,575	297,736,809	-	2,825,000

Notes to Financial Statements

28. Revenue (Cont'd)

Group	Maintenance repair, overhaul and training	Marine construction	Total
2020	**RM**	**RM**	**RM**
Major goods and services:			
Sale of goods	19,368,237	-	19,368,237
Rendering of services	76,491,392	1,663,818	78,155,210
Contract revenue	54,087,492	38,514,636	92,602,128
Total revenue from contracts with customers	149,947,121	40,178,454	190,125,575
Geographical market:			
Malaysia	105,350,370	40,178,454	145,528,824
Singapore	44,596,751	-	44,596,751
Total revenue from contracts with customers	149,947,121	40,178,454	190,125,575
Timing of revenue recognition:			
At a point in time	59,728,880	1,663,818	61,392,698
Over time	90,218,241	38,514,636	128,732,877
	149,947,121	40,178,454	190,125,575
2019			
Major goods and services:			
Sale of goods	25,870,101	-	25,870,101
Rendering of services	180,033,975	4,270,405	184,304,380
Contract revenue	5,391,483	82,170,845	87,562,328
Total revenue from contracts with customers	211,295,559	86,441,250	297,736,809
Geographical market:			
Malaysia	157,330,528	58,421,655	215,752,183
Singapore	81,984,626	-	81,984,626
Total revenue from contracts with customers	239,315,154	58,421,655	297,736,809
Timing of revenue recognition:			
At a point in time	137,171,133	4,270,405	141,441,538
Over time	102,144,021	54,151,250	156,295,271
	239,315,154	58,421,655	297,736,809

Notes to Financial Statements

29. Finance Costs

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest expenses on:				
Bank overdrafts	201,590	115,658	-	-
Invoice financing	286,324	216,449	-	-
Lease liabilities	927,751	1,183,263	-	-
Term loans	10,324,982	21,722,063	632,872	448,075
Others	10,416	10,533	-	-
	11,751,063	23,247,966	632,872	448,075

30. Loss Before Tax

Loss before tax is derived after charging/(crediting):

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Amortisation of:				
-Intangible assets	1,691,919	2,124,713	-	-
Auditors' remuneration				
-Statutory audits	705,383	798,419	105,000	105,000
-Under provision in prior year	-	65,800	-	10,000
-Non-audit services	5,000	5,000	5,000	5,000
Bad debts written off	25,032,920	182,208	-	-
Depreciation of:				
-Property, plant and equipment	11,562,472	12,507,612	1,940,170	2,263,129
-Right of use assets	7,711,486	7,473,287	8,511	8,509
Non-Executive Directors remuneration:				
-Fee	330,000	440,000	330,000	444,000
-Other emoluments	51,500	90,500	51,500	90,500
Fair value adjustment on investment in securities	(557,322)	(354,584)	(557,322)	(354,584)
Loss/(Gain) on disposal of property, plant and equipment	46,031	(133,885)	-	-
Loss/(Gain) on foreign exchange				
-realised	258,774	313,584	-	(1,518)
-unrealised	328,674	198,061	-	-

Notes to Financial Statements

30. Loss Before Tax (Cont'd)

(Loss)/Profit before tax is derived after charging/(crediting): (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment loss on:				
-Trade receivables	3,306,919	42,468,364	-	-
-Other receivables	-	17,017,838	-	16,968,990
-Investment in subsidiaries	-	-	-	700,006
-Intangible assets	38,255,132	91,681,464	-	-
-Property, plant and equipment	-	1,998,229	-	-
-Right of use assets	-	10,934	-	-
Inventories written down	-	13,194	-	-
Grant and subsidies	(6,448,711)	(678,607)	-	-
Interest income from:				
-Licensed banks	(250,395)	(504,701)	-	-
Property, plant and equipment written off	37,395,316	1	-	-
Reversal of impairment loss on:				
-Trade receivables	(13,631,072)	(1,311,522)	-	-
-Intangible assets	(3,503,636)	-	-	-
Lease expenses related to term leases:				
-Equipment	79,747	245,092	-	-
-Motor vehicles	20,697	292,540	-	-
-Premises	237,069	600,623	-	-

Notes to Financial Statements

31. Taxation

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Tax expenses recognised in profit or loss				
Current year provision:				
-Malaysian income tax	-	196,965	-	-
-Under provision in prior years	51,128	746,173	-	564,984
	51,128	943,138	-	564,984
Deferred tax (Note 24):				
Origination and reversal of temporary differences	(3,404,481)	(267,639)	-	-
Under/(Over) provision in prior years	576,735	(2,384,357)	-	(25,093)
	(2,827,746)	(2,651,996)	-	(25,093)
Tax expense for the the financial year	(2,776,618)	(1,708,858)	-	539,891

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

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Loss before tax	(192,961,454)	(251,244,180)	(12,044,937)	(28,946,932)
Taxation at statutory tax rate of 24% (2019: 24%)	(46,310,749)	(60,298,603)	(2,890,785)	(6,947,264)
Effects of tax rates in other countries	1,051,251	1,088,137	-	-
Income not subject to tax	(2,874,941)	(112,440)	(133,757)	(85,099)
Expenses not deductible for tax purposes	16,233,199	20,614,416	1,039,110	697,443
Utilisation of previously unrecognised deferred tax assets	(1,434,609)	(6,997,738)	-	-
Deferred tax assets not recognised	29,931,368	45,696,689	1,985,432	6,334,920
Under/(Over) provision of deferred tax in prior years	576,735	(2,384,357)	-	(25,093)
Under provision of income tax expense in prior years	51,128	746,173	-	564,984
Tax incentive	-	(61,135)	-	-
Tax expense for the financial year	(2,776,618)	(1,708,858)	-	539,891

The Group and the Company have the following unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profits. The said amounts are subjected to approval by the tax authorities.

Notes to Financial Statements

31. Taxation (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	223,743,205	108,541,764	15,296,006	7,107,084
Unabsorbed capital allowances	6,518,302	4,561,451	390,243	291,481
Others	817,610	2,388,498	-	-
	231,079,117	115,491,713	15,686,249	7,398,565

32. Loss Per Share

Basic loss per shares

The basic loss per share is calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	2019 RM
Loss attributable to ordinary shareholders	(190,641,882)	(247,822,866)
Weighted average number of ordinary shares in issue: shares in issue	1,304,261,573	1,155,230,299
Basic loss per ordinary shares (in sen)	(14.62)	(21.45)

Diluted loss per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

33. Staff Costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages and other emoluments	40,561,470	39,823,960	4,985,782	6,422,815
Social security contribution	346,054	455,983	36,902	45,157
Defined contribution plan	3,937,582	4,690,271	582,607	776,634
Other benefits	3,585,369	6,359,186	338,266	570,382
	48,430,475	51,329,400	5,943,557	7,814,988

Notes to Financial Statements

33. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Executive Directors				
Company's Directors				
Salaries and other emoluments	1,369,340	1,767,716	1,369,340	1,767,716
Defined contribution plan	150,660	194,400	150,660	194,400
	1,520,000	1,962,116	1,520,000	1,962,116
Executive Directors				
Subsidiaries' Directors				
Salaries and other emoluments	1,450,063	1,807,572	-	-
Defined contribution plan	31,932	168,555	-	-
	1,481,995	1,976,127	-	-
Executive Directors				
Company's Directors	1,520,000	1,962,116	1,520,000	1,962,116
Subsidiaries' Directors	1,481,995	1,976,127	-	-
	3,001,995	3,938,243	1,520,000	1,962,116

34. **Reconciliation of Liabilities Arising from Financing Activities**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

Group	At 1 January RM	Effect of adopting MFRS 16 RM	At 1 January, restated RM	Financing cash flows (i) RM	Foreign exchange adjustments RM	New financing RM	At 31 December RM
2020							
Term loans	113,489,298	-	113,489,298	(9,387,664)	-	-	104,101,634
Lease liabilities	21,416,387	-	21,416,387	(8,585,587)	(7,054)	-	12,823,746
	134,905,685	-	134,905,685	(17,973,251)	(7,054)	-	116,925,380
2019							
Term loans	132,110,501	-	132,110,501	(22,931,203)	-	4,310,000	113,489,298
Trust receipts	3,057,913	-	3,057,913	(3,057,913)	-	-	-
Finance lease liabilities	2,447,516	(2,447,516)	-	-	-	-	-
Lease liabilities	-	21,795,356	21,795,356	(7,013,080)	2,414	6,631,697	21,416,387
	137,615,930	19,347,840	156,963,770	(33,002,196)	2,414	10,941,697	134,905,685

34. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

Company	At 1 January RM	Financing cash flows (i) RM	At 31 December RM
2020			
Term loans	24,546,499	(8,390,320)	16,156,179
Amount due to subsidiaries	11,915,675	(10,525,791)	1,389,884
	36,462,174	(18,916,111)	17,546,063
2019			
Term loans	38,270,672	(13,724,173)	24,546,499
Amount due to subsidiaries	13,089,971	(1,174,296)	11,915,675
	51,360,643	(14,898,469)	36,462,174

(i) The financing cash flows include the net amount of proceeds from or repayment of lease liabilities, term loans and subsidiaries in the statements of cash flows.

35. Related Party Disclosures

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiaries of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2020 RM	2019 RM
Transactions with subsidiaries		
Management fee received/receivables	-	2,825,000

Notes to Financial Statements

35. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Short-term employees benefits				
-Salaries and other emoluments	2,819,403	3,575,288	1,369,340	1,767,716
-Fees	330,000	440,000	330,000	440,000
-Defined contribution plan	182,592	362,955	150,660	194,400
	3,331,995	4,378,243	1,850,000	2,402,116

36. Segment Information

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine construction	Shipbuilding, and restoration and maintenance of vessels

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Notes to Financial Statements

36. Segment Information (Cont'd)

2020	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	149,947,121	40,178,454	190,125,575	-	190,125,575
Inter-segment sales	5,500	-	5,500	(5,500)	-
Total revenue	149,952,621	40,178,454	190,131,075	(5,500)	190,125,575
Results					
Interest income	250,395	-	250,395	-	250,395
Finance costs	(2,512,080)	(9,238,983)	(11,751,063)	-	(11,751,063)
Depreciation of property, plant and equipment	(8,097,782)	(3,466,085)	(11,563,867)	-	(11,563,867)
Amortisation of intangible assets	(1,691,919)	-	(1,691,919)	-	(1,691,919)
Depreciation of right-of-use assets	(7,355,493)	(355,993)	(7,711,486)	-	(7,711,486)
Fair value adjustment on investment in securities	557,322	-	557,322	-	557,322
Other non-cash items	(248,314,423)	(114,716,241)	(363,030,664)	11,854,253	(351,176,411)
Loss before taxation	(117,211,359)	(87,598,848)	(204,810,207)	11,848,753	(192,961,454)
Taxation	2,776,618	-	2,776,618	-	2,776,618
Segment loss	(114,434,741)	(87,598,848)	(202,033,589)	11,848,753	(190,184,836)
Segment assets	868,225,339	142,412,805	1,010,638,144	(485,132,069)	525,506,075
Included in the measurement of segment assets are:					
Capital expenditure	6,154,633	6,934,890	13,089,523	-	13,089,523
Segment liabilities	588,381,376	221,837,337	810,218,713	(415,410,114)	394,808,599

Notes to Financial Statements

36. Segment Information (Cont'd)

2020	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash income/ (expenses)					
Loss on disposal of property, plant and equipment	(46,031)	-	(46,031)	-	(46,031)
Impairment loss on:					
-Trade receivables	(3,306,919)	-	(3,306,919)	-	(3,306,919)
-Intangible assets	-	-	-	(38,255,132)	(38,255,132)
Bad debts written off	(16,556,456)	(8,476,464)	(25,032,920)	-	(25,032,920)
Property, plant and equipment written off	(11,057,412)	(26,337,904)	(37,395,316)	-	(37,395,316)
Reversal of impairment loss on:					
-Trade receivables	13,055,971	575,101	13,631,072	-	13,631,072
-Intangible assets	3,503,636	-	3,503,636	-	3,503,636
Unrealised gain/(loss) on foreign exchange	90,042	(418,716)	(328,674)	-	(328,674)

36. Segment Information (Cont'd)

2019	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Revenue					
External customers	152,873,904	144,862,905	297,736,809	-	297,736,809
Inter-segment sales	3,131,979	58,768,923	61,900,902	(61,900,902)	-
Total revenue	156,005,883	203,631,828	359,637,711	(61,900,902)	297,736,809
Results					
Interest income	504,701	-	504,701	-	504,701
Finance costs	(3,297,412)	(19,950,554)	(23,247,966)	-	(23,247,966)
Depreciation of property, plant and equipment	(9,178,482)	(3,329,130)	(12,507,612)	-	(12,507,612)
Amortisation of intangible assets	(1,663,141)	(461,572)	(2,124,713)	-	(2,124,713)
Amortisation of land use right	(3,227,027)	(4,262,260)	(7,473,287)	-	(7,473,287)
Fair value adjustment on investment in securities	354,584	-	354,584	-	354,584
Other non-cash items	(295,597,736)	(256,654,706)	(552,252,442)	47,950,486	(504,301,956)
Share of results of joint venture	-	-	-	(184,740)	(184,740)
Loss before taxation	(156,098,630)	(81,010,394)	(237,109,024)	(14,135,156)	(251,244,180)
Taxation	926,008	782,850	1,708,858	-	1,708,858
Segment loss	(155,172,622)	(80,227,544)	(235,400,166)	(14,135,156)	(249,535,322)
Segment assets	820,395,285	271,325,460	1,091,720,745	(506,351,938)	585,368,807
Included in the measurement of segment assets are:					
Capital expenditure	11,569,289	12,227,288	23,796,577	-	23,796,577
Segment liabilities	526,533,425	267,776,377	794,309,802	(464,493,614)	329,816,188

Notes to Financial Statements

36. Segment Information (Cont'd)

2019	Maintenance repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash income/ (expenses)					
Gain on disposal of property, plant and equipment	65,491	68,394	133,885	-	133,885
Impairment loss on:					
-Trade receivables	(42,073,946)	(394,418)	(42,468,364)	-	(42,468,364)
-Other receivables	(17,017,838)	-	(17,017,838)	-	(17,017,838)
-Intangible assets	-	-	-	(91,681,464)	(91,681,464)
-Property, plant and equipment	(1,998,229)		(1,998,229)		(1,998,229)
-Right of use assets	(10,934)		(10,934)		(10,934)
Bad debts written off	(182,208)	-	(182,208)	-	(182,208)
Property, plant and equipment written off	(1)	-	(1)	-	(1)
Reversal of impairment loss on trade receivables	1,311,522	-	1,311,522	-	1,311,522
Unrealised gain on foreign exchange	(198,061)	-	(198,061)	-	(198,061)

36. Segment Information (Cont'd)

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Group				
Malaysia	146,173,210	215,752,183	131,081,496	210,543,949
Singapore	43,952,365	81,984,626	25,836,237	29,145,298
	190,125,575	297,736,809	156,917,733	239,689,247

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2020 RM	**2019 RM**
Group		
Property, plant and equipment	70,856,608	88,509,075
Right-of-use assets	29,673,629	38,459,391
Investment in securities	3,436,456	430,134
Intangible assets	71,850,620	107,044,028
Other receivables	1,709,775	4,926,619
Other investment	320,000	320,000
	156,917,733	239,689,247

Notes to Financial Statements

36. Segment Information (Cont'd)

(c) Major customer

The following is the major customer with revenue 10% equal or more than ten percent of Group revenue:

	Revenue 2020 RM	Revenue 2019 RM	Segment
Customer A	41,249,085	54,151,250	Marine construction

37. Contingent Liabilities

	Group 2020 RM	Group 2019 RM
Unsecured		
Corporate guarantee		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	99,324,531	140,452,550

38. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

38. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

Group	At FVTPL RM	At Amortised Cost RM	Total RM
2020			
Financial Assets			
Investment in securities	3,436,456	-	3,436,456
Trade receivables	-	74,916,574	74,916,574
Other receivables	-	15,504,433	15,504,433
Amount due from joint venture	-	500,000	500,000
Amount due from associate company	-	6,247,881	6,247,881
Fixed deposits with licensed banks	-	16,937,725	16,937,725
Cash and bank balances	-	22,120,731	22,120,731
	3,436,456	136,227,344	139,663,800
Financial Liabilities			
Trade payables	-	110,219,207	110,219,207
Other payables	-	79,359,394	79,359,394
Lease liabilities	-	12,823,746	12,823,746
Bank borrowings	-	105,270,911	105,270,911
Redeemable preference shares	-	1,427,487	1,427,487
	-	309,100,745	309,100,745
Company			
2020			
Financial Assets			
Investment in securities	3,436,456	-	3,436,456
Other receivables	-	452,617	452,617
Amount due from subsidiaries	-	251,694,145	251,694,145
Cash and bank balances	-	7,642,947	7,642,947
	3,436,456	259,789,709	263,226,165
Financial Liabilities			
Other payables	-	1,549,973	1,549,973
Amount due to subsidiaries	-	1,389,884	1,389,884
Bank borrowings	-	16,156,179	16,156,179
	-	19,096,036	19,096,036

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

Group	At FVTPL RM	At Amortised Cost RM	Total RM
2019			
Financial Assets			
Investment in securities	430,134	-	430,134
Trade receivables	-	210,802,740	210,802,740
Other receivables	-	15,433,629	15,433,629
Amount due from joint venture	-	500,000	500,000
Amount due from associate company	-	6,247,881	6,247,881
Fixed deposits with licensed banks	-	16,823,199	16,823,199
Cash and bank balances	-	9,658,432	9,658,432
	430,134	259,465,881	259,896,015
Financial Liabilities			
Trade payables	-	81,737,832	81,737,832
Other payables	-	78,923,472	78,923,472
Lease liabilities	-	21,416,387	21,416,387
Bank borrowings	-	114,748,688	114,748,688
Redeemable preference shares	-	1,350,901	1,350,901
	-	298,177,280	298,177,280
Company			
2019			
Financial Assets			
Investment in securities	430,134	-	430,134
Other receivables	-	452,617	452,617
Amount due from subsidiaries	-	266,792,869	266,792,869
Cash and bank balances	-	126,815	126,815
	430,134	267,372,301	267,802,435
Financial Liabilities			
Other payables	-	2,494,018	2,494,018
Amount due to subsidiaries	-	11,915,675	11,915,675
Bank borrowings	-	24,526,499	24,526,499
	-	38,936,192	38,936,192

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(b) Net gain and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at FVTPL	3,436,456	430,134	3,436,456	430,134
Net loss on impairment of financial instruments				
-Financial assets at amortised cost	12,144,489	58,174,680	-	16,968,990

(c) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and of the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM111,916,489 (2019: RM111,916,489), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM99,324,531 (2019 :RM140,452,550). There was no indication that the guarantee will be called upon.

Intercompany loan advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, 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 loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM
Group						
2020						
Non-derivative financial liabilities						
Trade payables	110,219,207	-	-	-	110,219,207	110,219,207
Other payables	79,359,394	-	-	-	79,359,394	79,359,394
Lease liabilities	5,769,829	6,697,968	413,261	83,033	12,964,091	12,823,746
Bank borrowings	86,050,539	12,391,373	10,581,401	54,775	109,078,088	105,270,911
Redeemable preference shares	1,427,487	-	-	-	1,427,487	1,427,487
	282,826,456	19,089,341	10,994,662	137,808	313,048,267	309,100,745

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand within 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM
Group						
2019						
Non-derivative financial liabilities						
Trade payables	81,737,832	-	-	-	81,737,832	81,737,832
Other payables	78,923,472	-	-	-	78,923,472	78,923,472
Lease liabilities	7,524,796	11,307,570	3,378,189	126,211	22,336,766	21,416,387
Bank borrowings	104,575,429	1,647,936	9,580,766	132,793	115,936,924	114,748,688
Redeemable preference shares	1,350,901	-	-	-	1,350,901	1,350,901
	274,112,430	12,955,506	12,958,955	259,004	300,285,895	298,177,280

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand within 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM
Company						
2020						
Non-derivative financial liabilities						
Other payables	1,549,973	-	-	-	1,549,973	1,549,973
Amount due to subsidiaries	1,389,884	-	-	-	1,389,884	1,389,884
Bank borrowings	3,884,947	5,552,609	10,525,529	-	19,963,085	16,156,179
Corporate guarantee *	99,324,531	-	-	-	99,324,531	-
	106,149,335	5,552,609	10,525,529	-	122,227,473	19,096,036
2019						
Non-derivative financial liabilities						
Other payables	2,494,018	-	-	-	2,494,018	2,494,018
Amount due to subsidiaries	11,915,675	-	-	-	11,915,675	11,915,675
Bank borrowings	16,882,088	1,647,936	9,580,766	132,793	28,243,583	24,526,499
Corporate guarantee *	140,452,550	-	-	-	140,452,550	-
	171,744,331	1,647,936	9,580,766	132,793	183,105,826	38,936,192

** Based on the maximum amount that can be called for under the financial guarantee contract.*

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Chinese Renminbi ("RMB"), United Arab Emirates Dirham ("AED"), Thai Baht ("THB"), Canadian Dollar ("CAD"), Myanmar Kyat ("KYAT") and Norwegian Krone ("NOK").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have RM functional currency at the end of the reporting period are as follows:

	Denominated in							
	USD RM	**EUR RM**	**SGD RM**	**GBP RM**	**CAD RM**	**THB RM**	**KYAT RM**	**NOK RM**
Group								
2020								
Trade receivables	54,654	-	-	-	-	-	-	-
Cash and bank balances	67,915	-	-	-	-	-	-	-
Trade payables	(7,352,657)	(8,689,520)	-	(4,688,276)	-	-	-	526,661
2019								
Trade receivables	201,675	-	-	-	-	-	-	-
Cash and bank balances	10,303	-	-	-	-	-	-	-
Trade payables	(8,945,012)	(2,859)	(58,466)	-	(37,026)	(48,142)	(18,218)	-
Other payables	(342,986)	-	(129,052)	-	-	(7,812)	-	-

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

	Denominated in						
	USD RM	**EUR RM**	**GBP RM**	**RMB RM**	**AED RM**	**MYR RM**	**AUD RM**
Group							
2020							
Trade receivables	2,809,385	51,565	479,094	244,037	1,899,911	6,678	326,358
Trade and other payables	(1,932,593)	(50,048)	(435,331)	(3,636,461)	(756,460)	(1,159,075)	(30,414)
2019							
Trade receivables	7,509,940	-	-	-	11,999,669	-	-
Cash and bank balances	70,604	-	-	-	460,970	-	-
Trade and other payables	(1,004,257)	-	-	-	(2,233,254)	-	-

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities mainly have RM and SGD functional currencies. The exposure to currency risk of Group entities other than RM and SGD functional currencies is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant:

	Change in currency rate	Effect on loss before tax RM
Group		
2020		
USD/SGD	Strengthened 10%	87,679
	Weakened 10%	(87,679)
EUR/SGD	Strengthened 10%	152
	Weakened 10%	(152)
GBP/SGD	Strengthened 10%	4,376
	Weakened 10%	(4,376)
RMB/SGD	Strengthened 10%	(339,242)
	Weakened 10%	339,242
AED/SGD	Strengthened 10%	114,345
	Weakened 10%	(114,345)
MYR/SGD	Strengthened 10%	(115,240)
	Weakened 10%	115,240
AUD/SGD	Strengthened 10%	29,594
	Weakened 10%	(29,594)
USD/RM	Strengthened 10%	(723,009)
	Weakened 10%	723,009
EUR/RM	Strengthened 10%	(868,952)
	Weakened 10%	868,952
GBP/RM	Strengthened 10%	(468,828)
	Weakened 10%	468,828
NOK/RM	Strengthened 10%	52,666
	Weakened 10%	(52,666)

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant:

	Change in currency rate	Effect on loss before tax RM
Group		
2019		
USD/RM	Strengthened 10%	(907,602)
	Weakened 10%	907,602
USD/SGD	Strengthened 10%	657,629
	Weakened 10%	(657,629)
AED/SGD	Strengthened 10%	1,022,739
	Weakened 10%	(1,022,739)
EUR/RM	Strengthened 10%	(286)
	Weakened 10%	286
SGD/RM	Strengthened 10%	(18,752)
	Weakened 10%	18,752
CAD/RM	Strengthened 10%	(3,703)
	Weakened 10%	3,703
THB/RM	Strengthened 10%	(5,595)
	Weakened 10%	5,595
KYAT/RM	Strengthened 10%	(1,822)
	Weakened 10%	1,822

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2020 **RM**	**2019** **RM**
Group		
Fixed rate instruments		
Financial liabilities	12,823,746	21,416,387
Floating rate instruments		
Financial liabilities	105,270,911	114,748,688
Company		
Floating rate instruments		
Financial liabilities	16,156,179	24,546,499

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's loss before tax by RM263,112 (2019: RM286,872) and RM40,390 (2019: RM61,366) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group and the Company monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RM343,646 (2019: RM43,013) lower/higher, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

	Fair value of financial instruments carried at fair value					
	Level 1	Level 2	Level 3	Total	Total fair value	Carrying Amount
	RM	RM	RM	RM	RM	RM
Group						
2020						
Financial Asset						
Investment in securities	3,436,456	-	-	3,436,456	3,436,456	3,436,456
2019						
Financial Asset						
Investment in securities	430,134	-	-	430,134	430,134	430,134
Company						
2020						
Financial Asset						
Investment in securities	3,436,456	-	-	3,436,456	3,436,456	3,436,456
2019						
Financial Asset						
Investment in securities	430,134	-	-	430,134	430,134	430,134

Notes to Financial Statements

38. Financial Instruments (Cont'd)

(d) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

39. Material Litigation

(i) Shah Alam High Court Appeal No: BA-11BNCvC-22-12/2020
(Shah Alam Magistrate Court No: BA-A72NCvC-2540-10/2019)

Maxicont Shipping Agencies Sdn. Bhd. and D&D Control (M) Sdn. Bhd., being plaintiffs are claiming against UWL Freight Forwarding Sdn. Bhd. and Safeair Technical Sdn. Bhd., a wholly-owned subsidiary of the Company (collectively as "defendant")

This is an appeal against the Magistrate Court after full trial whereby the Magistrate had dismissed the Plaintiffs' claim with fixed costs for the sum of RM5,000.00 to be paid to Safeair Technical Sdn. Bhd. on 7 December 2020.

Unsatisfied with the said decision, the Plaintiffs had filed their notice of appeal to the High Court on 18 December 2020.

We have been served with the Records of Appeal and the matter is now fixed for first case management via e-review on 10 February 2021 for Court's directions as to filing of written submission and hearing date for the Appeal.

(ii) Shah Alam High Court Suit No. BA-A72NCVC-301-07/2019

Safeair Technical Sdn. Bhd. obtained Order for Summary Judgement against Flyglobal Charter Sdn. Bhd. ("FCSB") for the sum of RM850,826.93 together with interest at 5% per annum, while pending trial on FCSB's counterclaim amounting to RM1,404,786.54.

Notes to Financial Statements

39. Material Litigation (Cont'd)

(iii) Shah Alam Sessions Court Suit No. BA-B52C-22-08/2020

Clamshell Dredging Sdn. Bhd. obtained Summary Judgement application against Destini Shipbuilding and Engineering Sdn. Bhd. ("DSE") for the sum of RM850,000 and interest at 5% per annum. The next case management is fixed on 29 January 2021.

(iv) Shah Alam High Court Suit No. BA-21NCVC-65-09/2020

Government of Malaysia is claiming against Destini Shipbuilding and Engineering Sdn. Bhd. for a sum of RM6,584,440.74.

(v) Shah Alam High Court Suit No. BA-21NCVC-64-09/2020

Government of Malaysia is claiming against Destini Shipbuilding and Engineering Sdn. Bhd. for a sum of RM14,141,278.

40. Significant Events

(a) Proposed acquisition, diversification and dilution

On 18 February 2020, the Company announced the following:

(i) Destini Armada Private Limited ("DAPL"), a wholly-owned subsidiary of the Company had entered into a conditional share sale agreement ("SSA") with PT Berkah Sadaya Adikarya ("Vendor") for the acquisition of 4,999 ordinary shares in PT Muara Badak Perkasa ("PT MBP"), representing approximately 99.9% equity interest in PT MBP for a purchase consideration of SGD4,000,000 to be satisfied entirely via the issuance and allotment of 4,900,000 new DAPL Shares at an issue price of approximately SGD0.8163 per DAPL Share ("Proposed Acquisition");

(ii) In conjunction with the Proposed Acquisition, the Board proposed to undertake a diversification of the business activities of the Group to include the provision of jetty and/or port operations related services to mining companies ("Proposed Diversification"); and

(iii) Upon completion of the Proposed Acquisition, the vendor is expected to emerge as the largest shareholder of DAPL, with a 55% equity interest in DAPL. Simultaneously, the equity interest of the Company in DAPL will be diluted from 100% to 45%. Consequently, the equity interest of the Company in its indirectly owned subsidiaries held by DAPL will be diluted accordingly ("Proposed Dilution").

The Board had submitted the applications to Bursa for extension of time and Bursa had, vide its letters dated 20 April 2020 and 4 August 2020 resolved to grant an extension of time up to 18 October 2020 to submit the draft Circular pursuant to Paragraph 9.33(1)(a) of the Listing Requirements.

The Board, after taking into consideration the current market conditions, the situation of the Covid-19 pandemic in both Malaysia and Indonesia, has mutually agreed with the Vendor to terminate the SSA. DAPL had on 16 October 2020 entered into the deed of termination with the Vendor for the termination and release of the SSA. Pursuant thereto, DAPL will not be proceeding with the Proposed Acquisition.

The termination of the SSA will not have any material effect on the issued share capital, net assets, gearing, earnings and earnings per share of the Group for the financial year ended 31 December 2020.

40. Significant Events (Cont'd)

(b) Outbreak of coronavirus pandemic

As a result of the Covid-19 pandemic outbreak, the Group's businesses, result of the operation, financial position and cash flows were affected during the financial year with continuing impact iin the current and subsequent periods. This has resulted in a significant decline in revenue in the current financial year and after the reporting date.

Beginning in April 2020, the Group had implemented various cost saving measures several strategic initiatives and pursued value-accretive business opportunities including a reduction in various general and administrative costs in response to current market conditions. Further, the management believes that the Group has sufficient cash to meet anticipated cash needs including cash needs for working capital for foreseeable future.

The Group has been granted by MITI for its application to continue operations in Malaysia and this has allowed the Group's business to conditionally operate at varying capacities.

At the reporting date, the Group is financially strong with a net current asset and positive shareholders' fund amounting to RM11,862,883 and RM130,697,476 respectively. Additionally, the Group carries cash and cash equivalents of RM22,120,731 as at 31 December 2020, and has no concerns in the foreseeable future.

The Group performed an assessment on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2020, other than property, plant and equipment written off and impairment loss on goodwill as disclosed in Notes 4 and 10 respectively. As the situation is still evolving and the uncertainty of the outcome of the current events, the Group will continuously monitor the impact of COVID-19 on its business operations and its daily activities. The Group will also be taking appropriate and timely measures in minimising the impact of the pandemic on the Group's operations and financial performance as well as the financial position for the financial year ending 31 December 2021.

41. Subsequent Events

(a) Acquisition of subsidiaries

On 8 April 2021, Destini Rail Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a 70% owned subsidiary company, M Rail Technics Sdn. Bhd., with a cash subscription of RM70,000.

(b) Disposal of subsidiaries

On 21 April 2021, DSE, a subsidiary company of the company has disposed of 382,500 ordinary shares in THHE Destini Sdn. Bhd. ("TDSB"), an indirect subsidiary of the Company, representing 51% equity interest in TDSB to THHE Fabricators Sdn. Bhd. for a cash consideration of RM121,131.

The effect of disposal of TDSB did not have any material effect on the financial results and position of the Group.

42. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to Financial Statements

42. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	2020 RM	2019 RM
Total loans and borrowings	105,270,911	114,748,688
Less: Deposits, bank and cash balances	(39,058,456)	(26,481,631)
Net debt	66,212,455	88,267,057
Total equity	132,448,904	257,695,369
Gearing ratio	50%	34%

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

The Group is not subject to any externally imposed capital requirements.

43. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 May 2021.

List of Properties Owned

As at 31 December 2020

Location	Description (sqm)	Current Use	Tenure	Age of Building	Audited Net Book Value as at 31.12.2020	Date of acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan Kampung Acheh, 32000 Sitiawan, Perak	4,049	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM 749,261	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, Shah Alam	4,180	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	RM 14,953,174	04.06.2013
San Yu Town, Nantong Tongzhou City Industry Park, Jiangsu Province, China	11,608	Office and Factory	Leasehold expiring on 1 March 2059 (unexpired term of about 42 years)	7 years	RM1,994,039.13	01.01.2011
No 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1189	Office and Workshop	Freehold	7 years	RM 604,133	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1797 Built up: 311	Office and Workshop	Leasehold for a period of 60 years expiring on 22 Jan 2062	-	RM 808,587	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Built a yard on rented land)	14,520	Office and Yard	Rent and renew yearly	3 years	RM 1,685,074	01.05.2013
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 Built up: 663	Office and Workshop	Freehold	1 year	RM 4,453,081	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Land area: 23,160 Built up: 6,361	Office and Factory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM13,770,694	01.12.2016

Statistics of Shareholdings

As at 19 April 2021

A. Share Capital

Total Number of Shares	:	1,525,276,358
Issued Share Capital	:	RM453,974,220.88
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	42	0.71	1,398	0.00
100–1,000	730	12.32	337,224	0.02
1,001–10,000	2,052	34.63	13,121,515	0.86
10,001–100,000	2,496	42.12	93,837,221	6.15
100,001 and below 5% of issued shares	603	10.17	1,017,280,167	66.70
5% and above of issued shares	3	0.05	400,698,833	26.27
Total	**5,926**	**100.00**	**1,525,276,358**	**100.00**

C. Directors' Shareholdings as at 19 April 2021

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Rodzali Bin Daud	0	0.00	0	0.00
2.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	105,126,500	6.89	224,813,445(1)	14.74
3.	Syaiful Hafiz Bin Moamat Mastam	0	0.00	0	0.00
4.	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	0	0.00	0	0.00
5.	Dato' Che Sulaiman Bin Shapie	0	0.00	0	0.00
6.	Abdul Rahman Bin Mohamed Rejab	100,000	0.01	0	0.00
7.	Norzilah Binti Mohammed	0	0.00	0	0.00

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd., Utarasama Marine Sdn. Bhd. and Zaleeha Capital Sdn Bhd. (formerly known as Mazer Sdn. Bhd.)

Statistics of Shareholdings
As at 19 April 2021

D. Substantial shareholders' Shareholdings as at 19 April 2021

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	105,126,500	6.89	224,813,445[1]	14.74
2.	Aroma Teraju Sdn. Bhd.	200,000,000[2]	13.11	0	0.00
3.	Utarasama Marine Sdn. Bhd.	96,000,333	6.29	0	0.00

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd., Utarasama Marine Sdn. Bhd. and Zaleeha Capital Sdn Bhd. (formerly known as Mazer Sdn. Bhd.)

(2) The ultimate shareholder of Aroma Teraju Sdn Bhd is the Ministry of Finance Malaysia.

Statistics of Shareholdings

As at 19 April 2021

E. List of 30 Largest Securities Account Holders as at 19 APRIL 2021

No.	Name of Shareholders	Shares held	%
1	AROMA TERAJU SDN. BHD.	200,000,000	13.11
2	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	104,698,500	6.86
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	96,000,333	6.29
4	LAVIN SHARED SERVICES SDN BHD	75,060,000	4.92
5	LAVIN CONNEXION SDN BHD	61,040,000	4.00
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN BHD (MARGIN)	55,007,112	3.61
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB FOR MTD CAPITAL BHD (PB)	50,000,000	3.28
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : URUSHARTA JAMAAH SDN BHD	46,204,333	3.03
9	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR MAZER SDN BHD	32,391,000	2.12
10	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR DAYATAHAN SDN BHD	31,500,000	2.07
11	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	30,004,700	1.97
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	29,116,259	1.91
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (7000197)	26,765,800	1.75
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	26,095,966	1.71
15	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	23,970,600	1.57
16	KAMARUDIN BIN MERANUN	23,9000,000	1.57

Statistics of Shareholdings
As at 19 April 2021

No.	Name of Shareholders	Shares held	%
17	ZALEEHA CAPITAL SDN BHD	22,745,800	1.49
18	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MGN-CHT0002M)	21,600,000	1.42
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (M Q0423)	20,000,000	1.31
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : GREAT EASTERN TAKAFUL BERHAD (MEKAR)	16,483,900	1.08
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE (E-SDK)	16,352,400	1.07
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR MTD CAPITAL BHD (PB)	14,000,000	0.92
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DG)	11,000,000	0.72
24	YAYASAN POK DAN KASSIM	10,760,000	0.71
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	10,200,000	0.67
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	7,930,000	0.52
27	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (3RD PARTY EDSP)	7,078,000	0.46
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAYASAN POK DAN KASSIM	7,000,000	0.46
29	CHENG, AIJIN	7,000,000	0.46
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (8071811)	6,896,600	0.45

Notice of Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting ("AGM") of Destini Berhad ("Destini" or "the Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 29 June 2021, at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

AGENDA

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 Explanatory Note 1)

2. To re-elect the following Directors who are retiring pursuant to Clause 115(1) of the Company's Constitution and being eligible, have offered themselves for re-election:-

   i. Tan Sri Dato' Sri Rodzali Bin Daud (Ordinary Resolution 1)
   ii. Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Ordinary Resolution 2)

3. To re-elect the following Directors who are retiring pursuant to Clause 125 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   i. Dato' Mohd Zahir Bin Zahur Hussain (Ordinary Resolution 3)
   ii. Syaiful Hafiz Bin Moamat Mastam (Ordinary Resolution 4)
   iii. Norzilah Binti Mohammed (Ordinary Resolution 5)

4. To approve the payment of Directors' fees of up to RM200,000.00 for the financial year ending 31 December 2021 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM200,000.00 for the period commencing from the conclusion of the 17th AGM until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 6)

5. To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

   As Special Business:

   To consider and, if thought fit, to pass the following resolutions:

6. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** (Ordinary Resolution 8)

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the issued share capital of the Company for the time being ("20% General Mandate") and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

Notice of Seventeenth Annual General Meeting

7. **Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares** (Ordinary Resolution 9)

"THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

i. the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
ii. the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase, upon such terms and conditions as set out in the Circular to Shareholders dated 31 May 2021; and
iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

i. the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or
iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482/ SSM PC NO. 201908002253)
Thien Lee Mee (LS0009760/ SSM PC NO. 201908002254)
Company Secretaries

Selangor Darul Ehsan
Date: 31 May 2021

Notice of Seventeenth Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Tricor's office, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic submission via TIIH Online website at https://tiih.online not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.

6. For the purpose of determining a member who shall be entitled to attend the Seventeenth (17th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 22 June 2021. Only members whose name appears on the Record of Depositors as at 22 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.

8. The 17th AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.

Notice of Seventeenth Annual General Meeting

EXPLANATORY NOTES

1. **Audited Financial Statements for the Financial Year Ended 31 December 2020**

   The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution 6 : To Approve the Payment of Directors' Fees and Other Benefits Payable**

   The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 17th AGM until the next Annual General Meeting of the Company.

3. **Ordinary Resolution 8: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 8 is intended to renew the authority granted to the Directors at the Sixteenth (16th) Annual General Meeting held on 29 July 2020 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (hereinafter referred to as "Previous Mandate"). As at the date of this notice, there was issuance of 139,000,000 new Destini Shares that were placed out at an issue price of RM0.22 each on 3 December 2020.

   In view of the challenging time due to the COVID-19 pandemic, Bursa Securities has via its letter dated 16 April 2020 empowered the listed issuer to issue new securities up to 20% of the total number of issued shares (excluding treasury shares) until 31 December 2021 ("20% General Mandate"). After that, the 10% General Mandate will be reinstated according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities.

   The Board would like to procure approval for the 20% General Mandate pursuant to Section 76(4) of the Act, from its shareholders at the Seventeenth (17th) AGM of the Company.

   The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021.

   The 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2021 and thereafter, the 10% General Mandate will be reinstated with effect from 1 January 2022. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

   After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost efficient method of fund raising for the Company.

4. **Ordinary Resolution 9: Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares**

   The Ordinary Resolution 9, if passed, will renew the authority given to the Directors of the Company to purchase Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Sixteenth (16th) Annual General Meeting held on 29 July 2020.

   Further information on the proposed renewal of authority to purchase its own shares is set out in the Circular to Shareholders dated 31 May 2021 which is dispatched together with the Company's Annual Report 2020.

Statement Accompanying Notice of Annual General Meeting

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 3 for information relating to general mandate for issue of securities.

No.of ordinary shares	CDS accountno.of authorised Nominee

DESTINI PROXY FORM

*I/We ____

(FULL NAME IN CAPITAL LETTERS, NRIC NO./ REGISTRATION NO.)

of ____

(FULL ADDRESS)

being a member(s) of Destini Berhad hereby appoint ____

____

(FULL NAME IN CAPITAL LETTERS, NRIC NO)

of ____

(FULL ADDRESS)

or failing *him/ her ____

(FULL NAME IN CAPITAL LETTERS, NRIC NO)

of ____

(FULL ADDRESS)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy(ies), to vote for *me/ us on *my/ our behalf at the Seventeenth (17th) Annual General Meeting of Destini Berhad ("Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 29 June 2021, at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Tan Sri Dato' Sri Rodzali Bin Daud as Director of the Company.		
2.	To re-elect Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as Director of the Company.		
3.	To re-elect Dato' Mohd Zahir Bin Zahur Hussain as Director of the Company.		
4.	To re-elect Syaiful Hafiz Bin Moamat Mastam as Director of the Company.		
5.	To re-elect Norzilah Binti Mohammed as Director of the Company.		
6.	To approve the payment of Directors' fees and other benefits payable to the directors.		
7.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
8.	As Special Business : To approve the authority to allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
9.	Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this ___________ day of ____________________, 2021.

Signature : ____
(If shareholder is a corporation, this form should be executed under seal)

For appointment of two proxies, the shareholdings to be represented by the proxies:	
Proxies	Percentage (%) of shares
Proxy 1	
Proxy 2	
Total	100%

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Tricor's office, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic submission via TIIH Online website at https://tiih.online not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.*
6. *For the purpose of determining a member who shall be entitled to attend the Seventeenth (17th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 22 June 2021. Only members whose name appears on the Record of Depositors as at 22 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
7. *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*
8. *The 17thAGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.*

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AFFIX
STAMP

DESTINI BERHAD [Registration No. 200301030845 (633265-K)]
c/o Tricor Investor & Issuing House Services Sdn Bhd [Registration No. 197101000970 (11324-H)]
Share Registrar's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,

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