



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)
(Incorporated in Malaysia)

Interim Financial Report for the Financial Year
Ended 31 December 2020

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended 31.12.2020 RM'000	Financial Year 12 Months Ended 31.12.2020 RM'000
Revenue		4,850,058	13,155,536
Cost of sales and operating expenses		(4,110,776)	(12,481,445)
Other income		434,885	631,994
Other expenses		(202,714)	(385,346)
Profit from operations		971,453	920,739
Finance costs		(119,134)	(458,105)
Share of results of joint ventures (net of tax)		28,112	22,625
Share of results of associated companies (net of tax)		68,348	54,837
PROFIT BEFORE TAXATION	15	948,779	540,096
Taxation	20	82,312	8,736
NET PROFIT FOR THE FINANCIAL QUARTER/YEAR		1,031,091	548,832
OTHER COMPREHENSIVE INCOME/(LOSS)			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Fair value gain on investment properties		52,247	52,247
Net loss on valuation of post-employment benefit obligations		(408)	(408)
Net gain/(loss) on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		544	(1,232)
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Net gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income		5,069	71,671
Currency translation differences of foreign operations		(2,690)	232

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended 31.12.2020 RM'000	Financial Year 12 Months Ended 31.12.2020 RM'000
OTHER COMPREHENSIVE INCOME/(LOSS) (Continued)			
<u>Reclassification adjustments:</u>			
Transfer of realised gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income upon disposal		(8,138)	(57,034)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss		11	1,095
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/YEAR (NET OF TAX)		46,635	66,571
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/YEAR		1,077,726	615,403
Net profit for the financial quarter/year attributable to:			
Owners of the Company		985,989	554,132
Holders of Perpetual Sukuk		6,050	32,274
Non-controlling interest		39,052	(37,574)
		1,031,091	548,832
Total comprehensive income for the financial quarter/year attributable to:			
Owners of the Company		1,035,561	616,966
Holders of Perpetual Sukuk		6,050	32,274
Non-controlling interest		36,115	(33,837)
		1,077,726	615,403
Basic and diluted profit per share (sen):	26	51.00	28.66

There is no comparative for the financial quarter/year ended 31 December 2020. Due to the change in the financial year end from 31 March to 31 December, the Condensed Consolidated Statement of Comprehensive Income for the current financial quarter/year ended 31 December 2020, being the fourth quarter of the financial year ended 31 December 2020, is not comparable with that of the third quarter of the previous financial period ended 31 December 2019.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2019 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,182,082	6,433,898
Investment properties		362,505	278,492
Inventories		2,122,024	235,999
Joint ventures		420,253	422,923
Associated companies		954,001	845,226
Intangible assets		1,410,723	1,335,680
Deferred tax assets		178,950	212,892
Investment securities: financial assets at fair value through profit or loss			
- Banking		303,649	139,684
- Non-banking		9,796	-
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		2,757,750	2,830,480
- Non-banking		44,748	44,748
Investment securities: financial assets at amortised cost			
- Banking		105,544	103,162
- Non-banking		4,000	-
Trade and other receivables		1,589,641	1,382,098
Other assets		2,707	480
Banking related assets			
- Financing of customers		13,084,317	11,422,973
- Statutory deposits with Bank Negara Malaysia		95,255	568,768
		29,627,945	26,257,503
CURRENT ASSETS			
Assets and disposal groups held for sale		15,358	499,224
Inventories		1,924,846	2,220,513
Trade and other receivables		3,077,145	3,079,997
Investment securities: financial assets at fair value through profit or loss			
- Banking		9,688	169,109
- Non-banking		72,816	117,843
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,041,215	1,774,344
Banking related assets			
- Cash and short-term funds		2,963,589	1,065,150
- Financing of customers		4,407,993	3,948,580
Bank balances and cash deposits		2,406,122	2,521,224
Derivative assets	23(a)	49,473	21,916
		15,968,245	15,417,900
TOTAL ASSETS		45,596,190	41,675,403

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,839,418	5,255,610
Equity attributable to Owners of the Company		7,579,720	6,995,912
Perpetual Sukuk		292,102	623,887
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,316,030	1,553,849
TOTAL EQUITY		9,857,118	9,842,914
NON-CURRENT LIABILITIES			
Deferred income		9,655	24,278
Trade and other payables		49,409	50,792
Lease liabilities		362,773	330,381
Long-term borrowings	22(c)	5,263,001	4,389,149
Redeemable Convertible Cumulative Preference Shares		642,762	605,421
Provision for liabilities and charges		3,413	9,673
Post-employment benefit obligations		6,366	6,005
Deferred tax liabilities		290,387	265,492
Banking related liabilities			
- Deposits from customers		475,742	92,614
- Recourse obligation on financing sold to Cagamas		444,141	459,633
		7,547,649	6,233,438
CURRENT LIABILITIES			
Liabilities related to disposal groups held for sale		6,732	118,541
Deferred income		842	5,237
Trade and other payables		4,658,863	4,749,244
Lease liabilities		83,599	73,889
Provision for liabilities and charges		273,620	288,753
Post-employment benefit obligations		411	256
Bank borrowings			
- Bank overdrafts	22(a)	4,539	8,298
- Others	22(b)	2,091,856	1,960,435
Banking related liabilities			
- Deposits from customers		20,758,441	18,297,233
- Deposits and placements of banks and other financial institutions		98,346	6,303
- Bills and acceptances payable		6,310	8,444
Derivative liabilities	23(a)	207,864	82,418
		28,191,423	25,599,051
TOTAL LIABILITIES		35,739,072	31,832,489
TOTAL EQUITY AND LIABILITIES		45,596,190	41,675,403
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.92	3.62

* Based on 1,933,237,051 ordinary shares in issue.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
At 1 January 2020	1,933,237	1,740,302	1,214,085	(8,608)	(6,672)	134,619	3,922,186	6,995,912	623,887	669,266	1,553,849	9,842,914
Net profit for the financial year	-	-	-	-	-	-	554,132	554,132	32,274	-	(37,574)	548,832
Other comprehensive income for the financial year, net of tax	-	-	-	266	10,460	52,108	-	62,834	-	-	3,737	66,571
Total comprehensive income for the financial year	-	-	-	266	10,460	52,108	554,132	616,966	32,274	-	(33,837)	615,403
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(6,709)	-	6,709	-	-	-	-	-
Transfer of subsidiary companies' reserves	-	-	-	-	929	(12,086)	11,157	-	-	-	-	-
Effect of changes in shareholding in subsidiary companies	-	-	-	7,364	-	485	(1,710)	6,139	-	-	(6,139)	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(632)	(632)	-	-	(99,368)	(100,000)
Effect of deconsolidation of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(3,478)	(3,478)
Sub-total carried forward	1,933,237	1,740,302	1,214,085	(978)	(1,992)	175,126	4,491,842	7,618,385	656,161	669,266	1,411,027	10,354,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
Sub-total brought forward	1,933,237	1,740,302	1,214,085	(978)	(1,992)	175,126	4,491,842	7,618,385	656,161	669,266	1,411,027	10,354,839
Effect of disposal of subsidiary companies	-	-	-	-	-	(2,154)	2,154	-	-	-	(93,584)	(93,584)
<u>Transactions with Owners</u>												
Redemption of Perpetual Sukuk	-	-	-	-	-	-	-	-	(325,000)	-	-	(325,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(39,059)	-	-	(39,059)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,413)	(1,413)
First and final dividend in respect of financial year ended 31 December 2019	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2020	1,933,237	1,740,302	1,214,085	(978)	(1,992)	172,972	4,455,331	7,579,720	292,102	669,266	1,316,030	9,857,118

There is no comparative for the financial quarter/year ended 31 December 2020. Due to the change in the financial year end from 31 March to 31 December, the Condensed Consolidated Statement of Changes in Equity for the current financial quarter/year ended 31 December 2020, being the fourth quarter of the financial year ended 31 December 2020, is not comparable with that of the third quarter of the previous financial period ended 31 December 2019.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year 12 Months Ended 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Net profit for the financial year	548,832
Adjustments:	
- Depreciation of property, plant and equipment	761,270
- Finance costs	458,105
- Taxation	(8,736)
- Share of results of joint ventures (net of tax)	(22,625)
- Share of results of associated companies (net of tax)	(54,837)
- Others	213,390
Operating profit before working capital changes	1,895,399
Changes in working capital:	
Net increase in banking related assets	(1,793,827)
Net increase banking related liabilities	2,934,245
Net increase in current assets	(1,374,710)
Net increase in current liabilities	116,773
Net cash generated in operations	1,777,880
Interest received	75,399
Tax paid, net of refunds	(114,126)
Finance costs paid	(139,272)
Provision for liabilities and charges paid	(69,709)
Post-employment benefit obligations paid	(442)
Net cash inflow from operating activities	1,529,730
CASH FLOWS FROM INVESTING ACTIVITIES	
Net proceeds from disposals of investment securities by a banking subsidiary company (net)	896,635
Acquisitions of investment securities	(15,485)
Acquisition of additional shares in a subsidiary company	(100,000)
Dividends received from joint ventures	34,821
Dividends received from associated companies	5,634
Dividends received from other investments	251
Movement in fixed deposits placement with maturity profile more than 3 months	25,480
Net cash inflow from disposal of subsidiary companies	10,045
Net cash outflow from partial disposal of equity interest in former subsidiary companies	(4,510)
Additional investment in a joint venture	(11,957)
Net proceeds from disposals of fund investments	57,888
Proceeds from disposal of property, plant and equipment	45,099
Purchases of property, plant and equipment/intangible assets/investment properties	(890,943)
Net cash inflow from investing activities	52,958

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Year 12 Months Ended 31.12.2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Distribution to holders of Perpetual Sukuk	(39,059)
Dividends paid to non-controlling interest	(1,413)
Dividends paid to shareholders	(38,665)
Finance costs paid	(270,785)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	(29,686)
Payment of the principal portion of lease liabilities	(78,056)
Redemption of Perpetual Sukuk	(325,000)
Proceeds from bank borrowings	5,016,127
Repayment of bank borrowings	(4,032,517)
Repayment of principal for recourse obligation on financing sold to Cagamas	(15,484)
Net cash inflow from financing activities	185,462
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,768,150
Effects of foreign currency translation	(19,891)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	2,772,261
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	4,520,520
Cash and cash equivalents as at end of the financial year comprise the followings:	
Bank balances and cash deposits	2,406,122
Banking related assets - cash and short-term funds	2,963,589
Bank overdrafts	(4,539)
	5,365,172
Less: Bank balances and fixed deposits held as security/sinking fund	(816,614)
Less: Fixed deposits with maturity profile more than 3 months	(487)
Less: Bank balances in respect of Automotive Development Fund liabilities	(6,222)
Less: Collections held by a postal subsidiary company on behalf of third parties	(24,428)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	3,099
	4,520,520

There is no comparative for the financial quarter/year ended 31 December 2020. Due to the change in the financial year end from 31 March to 31 December, the Condensed Consolidated Statement of Cash Flows for the current financial quarter/year ended 31 December 2020, being the fourth quarter of the financial year ended 31 December 2020, is not comparable with that of the third quarter of the previous financial period ended 31 December 2019.

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report should be read in conjunction with the Group’s annual audited financial statements for the financial period ended 31 December 2019 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. CHANGE OF FINANCIAL YEAR END AND DISCLOSURE OF COMPARATIVES

In the previous year, the Group had changed its financial year end from 31 March to 31 December. Due to the change, the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the current quarter ended 31 December 2020, being the fourth quarter of the current financial year ended 31 December 2020, is not comparable with that of the third quarter of the previous financial period ended 31 December 2019 (i.e. October to December 2019). As such, no comparative figures are presented.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial period ended 31 December 2019 except for the adoption of the following new/amended standards which are applicable to the Group with effect from 1 January 2020:

Amendment to MFRS 3	Business Combinations
Amendments to MFRS 3	Definition of Business
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

3. CHANGES IN ACCOUNTING POLICIES (Continued)

During the financial year, the Group has early adopted the Amendment to MFRS 16, *COVID-19-Related Rent Concessions* issued by Malaysian Accounting Standards Board (“MASB”) in June 2020, in response to the COVID-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

The adoption and application of the above standards did not have any material impact to the financial statements of the Group.

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial year ended 31 December 2020.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

Save as disclosed below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2020.

- (i) On 11 March 2020, the World Health Organisation declared the Coronavirus (“COVID-19”) outbreak to be a global pandemic. On 16 March 2020, the Government imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in the country. The COVID-19 outbreak also resulted in travel restriction, lockdown, quarantines, social distancing and closures of non-essential services which have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. This has also brought major economic uncertainties in Malaysia within which the Group operates.

The effects of the above pandemic containment measures resulted in adverse financial results to the Group’s performance for the first six months ended 30 June 2020. However, the modest recovery in business activities during the second half-year of 2020 has enabled the Group to achieve profits in the third and fourth quarters of 2020.

- (ii) As mentioned in Note 21(a), the proposed disposals of certain property assets and investments to Prisma Dimensi Sdn. Bhd. and Kelana Ventures Sdn. Bhd. for a total sale consideration of RM1,934.7 million satisfied via 1,243.46 acres of freehold land in the Mukim of Tebrau, District of Johor Bahru, Johor and cash consideration of RM288.7 million have been completed on 31 December 2020. As a result, the Group has recognised total gains of RM862.60 million in the Consolidated Statement of Comprehensive Income for the financial quarter/year ended 31 December 2020.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE (Continued)

(iii) As disclosed in Note 21(c) in relation to the dilution of equity interest in WCA, the Group has recognised a gain of RM83.35 million which has been recognised as other income in the Consolidated Statement of Comprehensive Income for the current quarter/year ended 31 December 2020.

6. CHANGES IN ESTIMATES

There was no material change in the estimate of amounts reported in prior financial years that has a material effect to this interim financial report.

7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than as disclosed in the Condensed Consolidated Statement of Changes in Equity on page 6, there was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2020.

8. DIVIDENDS PAID

The shareholders approved a first and final dividend of 2.0 sen per share at the last Annual General Meeting held on 22 July 2020 in respect of the financial period ended 31 December 2019. The dividend of RM38,664,741 was paid on 18 August 2020.

9. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial year ended 31 December 2020 is as follows:

	Automotive RM'000	Services RM'000	Properties RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	8,054,739	3,632,519	1,632,258	30,614	13,350,130
Inter-segment revenue	(29,108)	(134,527)	(345)	(30,614)	(194,594)
External revenue	8,025,631	3,497,992	1,631,913	-	13,155,536

9. SEGMENTAL INFORMATION (Continued)

The information on each of the Group's business segments for the financial year ended 31 December 2020 is as follows: (Continued)

	Automotive	Services	Properties	Investment Holding	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Results					
Segment profit/(loss)	69,297	73,996	909,161	(110,511)	941,943
Unallocated expenses					(52,800)
Interest income on short-term deposits					31,596
Finance costs					(458,105)
Share of results of joint ventures (net of tax)	21,006	-	1,619	-	22,625
Share of results of associated companies (net of tax)	55,599	(762)	-	-	54,837
Profit before taxation					540,096
Taxation					8,736
Net profit for the financial year					548,832
Attributable to:					
Owners of the Company					554,132
Holders of Perpetual Sukuk					32,274
Non-controlling interest					(37,574)

10. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment brought forward from the previous annual audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

11. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting year and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Save as disclosed below, there is no change in the composition of the Group during the current financial year under review.

- (a) On 5 June 2020, DRB-HICOM Berhad had completed the acquisition of the remaining 49% equity interest in Media City Ventures Sdn. Bhd. (“MCVSB”), comprising 49,000 ordinary shares in MCVSB from Enigma Permata Sdn. Bhd., for a total cash consideration of RM100 million. As a result, MCVSB became a direct wholly-owned subsidiary company of the Group.
- (b) On 30 June 2020, HICOM Berhad, an indirect wholly-owned subsidiary company of the Group, acquired 100% equity interest in Proton Cars (UK) Limited and Proton Cars Australia Pty. Limited from Proton Marketing Sdn. Bhd., a wholly-owned subsidiary company of PROTON Holdings Berhad for cash considerations of GBP1 and AUD1 respectively via an internal re-organisation. Both of the above companies have become wholly-owned subsidiary companies of the Group.
- (c) On 30 June 2020, Elpos Print Sdn. Bhd. (“Elpos”), an inactive direct 40% owned associated company of Pos Malaysia Berhad, is being winding up. Upon completion of the winding up exercise, Elpos will cease to be an indirect associated company of the Group.
- (d) On 24 August 2020, the Group announced the proposed winding-up of its direct and indirect dormant/inactive subsidiary companies via members’ voluntary winding up (“MVL”) and creditors’ winding up (“CVL”) and the companies involved in the exercise are as follows:

Companies under MVL

- 1. Automotive Components Engineering Centre Sdn. Bhd.
- 2. Comtrac Builders Sdn. Bhd.
- 3. Cougar Logistics (Malaysia) Sdn. Bhd.
- 4. Diperdana Utara Sdn. Bhd.
- 5. HICOM Trucks Sdn. Bhd.
- 6. Isti-Emas Sdn. Bhd.
- 7. Mega Consolidated Sdn. Bhd.
- 8. Parcel Tankers Malaysia Sdn. Bhd.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Continued)

(d) (Continued)

Companies under CVL

1. Aman Freight Services Sdn. Bhd.
2. North Terminal Sdn. Bhd.
3. Pengangkutan Aspacs Sdn. Bhd.

Upon the completion of the liquidation exercise, the above companies will cease to be subsidiary companies of the Group.

- (e) On 24 September 2020, HICOM Polymers Industry Sdn. Bhd. (“HPI”), an indirect wholly-owned subsidiary company of the Group, had entered into a Share Sale Agreement (“SSA”) with HBPO GmbH to partially divest 11% of its equity interest in HICOM HBPO Sdn. Bhd. (“HHBPO”) for a cash consideration of Euro 0.8 million (equivalent to RM3.88 million). Following the divestment, HPI’s equity interest in HHBPO has reduced from 60% to 49%. Pursuant to the SSA, HHBPO has been reclassified from a subsidiary to an associated company of the Group.
- (f) On 23 October 2020, HICOM Glen Sdn. Bhd. (“HGSB”) was incorporated by Glenmarie Properties Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group. As a result, HGSB became an indirect wholly-owned subsidiary company of the Group.
- (g) On 2 November 2020, Suzuki Motorcycle Malaysia Sdn. Bhd. (“SMM”), an indirect 29% owned dormant associated company of the Group has commenced the dissolution exercise via members’ voluntary winding up. Upon the dissolution, SMM will cease to be an indirect 29% owned associated company of the Group.
- (h) Further to the completion of the various disposals as mentioned in Note 21(a), the following companies ceased to be indirect subsidiary companies of the Group i.e. Puncak Permai Sdn. Bhd., Horsedale Development Berhad, Kesturi Hektar Sdn. Bhd., HICOM-Gamuda Development Sdn. Bhd. and Rebak Island Marina Berhad.
- (i) As mentioned in Note 21(c), following the dilution of equity interest in World Cargo Airline Sdn. Bhd., the company has been reclassified as an indirect 26.22% owned associated company of the Group.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets from what was reported in the last annual audited financial statements.

14. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD

No material loss is anticipated as these amounts arose in the business of Bank Muamalat Malaysia Berhad in which it makes various commitments and incurs certain contingent liabilities with legal recourse to its customers.

Risk Weighted Exposures of Bank Muamalat Malaysia Berhad are as follows:

	As at 31.12.2020		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Direct credit substitutes	302,446	297,364	276,259
Trade-related contingencies	29,755	5,951	208
Transaction related contingencies	403,511	201,755	187,023
Credit extension commitment:			
- maturity within one year	717,736	144,564	137,659
- maturity exceeding one year	930,412	465,206	427,654
Other miscellaneous commitments & contingencies	7,102	-	-
Profit rate related contracts	1,200,000	59,000	11,800
Foreign exchange related contracts	3,326,522	89,181	40,093
	6,917,484	1,263,021	1,080,696

15. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	Financial Quarter 3 Months Ended 31.12.2020 RM'000	Financial Year 12 Months Ended 31.12.2020 RM'000
Allowance for financing of customers	45,208	99,643
Allowance for expected credit losses (net)	23,544	63,705
Amortisation of intangible assets	55,206	188,967
Depreciation of property, plant and equipment	211,698	761,270
Finance costs	119,134	458,105
Financing written off	2,155	4,680
Impairment loss of (net of reversals):		
- goodwill	104,183	104,183
- intangible assets	19,144	19,144
- non-current assets held for sale	-	1,200
- property, plant and equipment	22,118	75,039
Marked to market loss on derivatives (net)	28,731	99,515
Modification loss arising from financing moratorium from:		
- a subsidiary company	-	46,214
- share of a joint venture	-	14,370
(Write-back)/write-down of inventories (net)	(5,596)	10,751
Write-off of:		
- intangible assets	294	527
- property, plant and equipment	1,102	4,640
Gain on dilution of equity interest in former subsidiary companies	(83,350)	(99,288)
Gain on disposals of:		
- investment securities	(8,158)	(57,494)
- non-current assets held for sale	(83,412)	(83,412)
- property, plant and equipment	(5,845)	(6,996)
- subsidiary companies	(163,879)	(163,879)
Gain on fair value adjustment of investment securities (net)	(59,466)	(19,386)
Interest income on short-term deposits	(6,929)	(31,596)
Unrealised foreign exchange differences (net)	(38,961)	(18,533)

16. REVIEW OF PERFORMANCE

As stated in Note 2, due to the change in the financial year end, the Group's performance for the current quarter and financial year ended 31 December 2020 is not comparable against any comparative period previously reported.

16.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended				Financial Year 12 Months Ended 31.12.2020 RM'000
		31.03.2020 RM'000	30.06.2020 RM'000	30.09.2020 RM'000	31.12.2020 RM'000	
(i)	Automotive	1,812,960	1,054,642	2,540,748	2,617,281	8,025,631
(ii)	Services	830,485	871,413	918,666	877,428	3,497,992
(iii)	Properties	93,344	78,899	104,321	1,355,349	1,631,913
	Total	2,736,789	2,004,954	3,563,735	4,850,058	13,155,536

The Group achieved a higher revenue of RM4.85 billion in the current quarter and cumulatively of RM13.16 billion for the financial year ended 31 December 2020. The increase in revenue for the current quarter was contributed by the Properties and Automotive sectors.

(i) Automotive Sector

The revenue for the current financial year was mainly derived from sales of vehicles and components by PROTON, automotive distribution companies, and also from manufacturing & engineering and aerospace companies. The sales performance was significantly affected as the automotive business operations were temporarily ceased (from mid-March to early May 2020) during the MCO.

(ii) Services Sector

The revenue for service sector for the current financial year was mainly from postal & logistics and banking businesses.

(iii) Properties Sector

The revenue from properties sector was mainly contributed by the disposal of property assets as disclosed in Note 5(ii) and also from construction related projects.

16. REVIEW OF PERFORMANCE (Continued)

16.2 Profit Before Tax

- (a) The Group registered a pre-tax profit of RM948.78 million in the current quarter ended 31 December 2020. The improved performance was contributed by better financial results of operating subsidiary companies and higher share of results from joint ventures and associated companies during the quarter under review. Also included in the current quarter is the recognition of exceptional gains of RM945.95 million on disposals of property assets and investments (as disclosed in Note 5(ii) and (iii)) and impairment loss of goodwill/intangible assets in certain subsidiary companies (Note 15).
- (b) For the full financial year ended 31 December 2020, the Group achieved a pre-tax profit of RM540.10 million. The operating results for the first six months ended 30 June 2020 was adversely affected by the effects of the MCO and the COVID-19 pandemic containment measures as mentioned in Note 5(i).

However, the Group recorded improved operating results in the second half year of 2020 following the recovery of business activities. Together with the exceptional gains (net of impairment loss) as mentioned in (a) above, the Group's total pre-tax profits amounted to RM540.10 million for the financial year.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM948.78 million in the current quarter ended 31 December 2020 compared with a pre-tax profit of RM142.42 million in the preceding quarter ended 30 September 2020. Included in the current quarter's results is exceptional gains on disposals of property assets and investments and impairment loss of goodwill/intangible assets in certain subsidiary companies.

18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

The Malaysian economy contracted 3.4% in the fourth quarter of 2020, as economic activities were affected due to the COVID-19 pandemic and the movement control order ("MCO") implemented in various forms across the country. For the full year 2020, Gross Domestic Product ("GDP") contracted by 5.6%, significantly lower against GDP growth of 4.3% in 2019. However, the Government projects GDP growth in 2021 of between 6.5% and 7.5% to be boosted by various stimulus packages that have been rolled out and the gradual re-opening of business activities. Along with the national COVID-19 vaccination programme, these are expected to mitigate the impact of the pandemic and stimulate growth towards a longer-term economic recovery.

18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 (Continued)

The Automotive Sector will continue as a key growth driver for DRB-HICOM Group. With the extension of sales tax exemption for passenger cars until 30 June 2021, the Malaysian Automotive Association is optimistic that the local automotive market will rebound in 2021, with projected Total Industry Volume rising to 570,000 units, compared to 529,434 units in 2020. The expected introduction of facelifted variants and aggressive promotional campaigns by various marques under the Group will also boost the Group's automotive businesses in the current financial year.

PROTON's market share grew to 20.5% in 2020 (2019: 16.6%). The Proton X50, launched in October 2020, and the Proton X70 continues to dominate the C-segment and B-segment SUV markets, while the Saga remains a popular A-segment sedan in the country.

Pos Malaysia will continue its transformation initiatives in 2021, as it targets to further improve efficiency, manage costs and capitalise on growth opportunities. The e-commerce sector is booming, as more and more Malaysians embrace home shopping as a safety net in these pandemic times. Thus, the national postal company continues to invest towards strengthening its digital infrastructure which will enable it to serve its customers better and more efficiently.

DRB-HICOM's businesses in the defence, aerospace, banking, services and properties segments will continue to target for operating efficiencies towards optimising their costs while improving productivity.

In this difficult economic landscape, the Group expects another challenging financial year ending 31 December 2021 as the global developments surrounding the containment of COVID-19 remain fluid. Hence, the Group will continue to adopt or where necessary, design new prudent cost management approaches, whilst focusing on strengthening its respective core business segments to ensure business continuity.

19. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee for the current financial year in a public document.

20. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended 31.12.2020 RM'000	Financial Year 12 Months Ended 31.12.2020 RM'000
Current taxation	(102,345)	(63,593)
Deferred taxation	20,033	54,857
Total	(82,312)	(8,736)

For the financial year ended 31 December 2020, the tax credit position arose mainly from the over provision of taxation in previous period for certain subsidiary companies in the Group.

21. STATUS OF CORPORATE PROPOSALS

- (a) On 8 March and 11 July 2018, DRB-HICOM Group entered into various agreements and supplemental agreements respectively for the proposed disposals of certain property assets and investments to Prisma Dimensi Sdn. Bhd. and Kelana Ventures Sdn. Bhd. The Proposed Disposals had been approved by DRB-HICOM Berhad shareholders at the Extraordinary General Meeting held on 15 October 2018. The Proposed Disposals were completed on 31 December 2020.
- (b) On 13 February 2020, Pos Aviation Sdn. Bhd. entered into a Share Purchase Agreement (“SPA”) and a Shareholders Agreement with SIA Engineering Company Limited for the proposed divestment of 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd., for an indicative cash consideration of RM10.09 million. The final consideration will be determined based on the latest available management financial statements prior to the completion date. The completion of the divestment is subject to the fulfilment of the Conditions Precedent (“CP”) in the SPA, which has been extended until 13 May 2021.

21. STATUS OF CORPORATE PROPOSALS (Continued)

(c) On 19 August 2020, Pos Aviation Sdn. Bhd. ("Pos Aviation"), an indirect 53.50% owned subsidiary company of the Group, entered into the following agreements:

(i) Pos Aviation and World Cargo Airline Sdn. Bhd. ("WCA") (formerly known as Pos Asia Cargo Express Sdn. Bhd.), a wholly-owned subsidiary company of Pos Aviation entered into a Share Sale and Share Subscription Agreement ("SSA") with Asia Cargo Network Sdn. Bhd. ("ACN") in relation to the proposed subscription and disposal of shares for a total cash consideration as below:

- WCA shall issue and allot 15,612,240 ordinary shares representing 51% of the total enlarged issued ordinary share capital in WCA to ACN for a cash consideration of RM40 million; and
- Pos Aviation shall dispose 106,786 preference shares representing 51% of the total preference shares in WCA to ACN, for a cash consideration of RM1.

The proposed subscription and disposal of shares will result in the change of shareholders' shareholdings in WCA, where Pos Aviation and ACN will own 49% and 51% equity interest in WCA respectively; and

(ii) in conjunction with the above, Pos Aviation has entered into a Shareholders' Agreement with ACN.

The above proposals were completed on 31 December 2020 in accordance with the terms and conditions of the SSA. As a result, Pos Aviation equity interest in WCA has reduced from 100% to 49%. Thus WCA became an associated company.

(d) On 30 October 2020, HICOM Glen Sdn. Bhd. ("HGSB"), an indirect wholly-owned subsidiary company of the Group which was incorporated on 23 October 2020, entered into a conditional Sale and Purchase Agreement ("SPA") with Eksklusif Pesona Sdn. Bhd. ("EPSB") to acquire 9 parcels of freehold land and 1 parcel of leasehold land with an aggregate gross area measuring approximately 287.73 acres, located at Mukim of Pulau Sebang, Alor Gajah, Melaka with certain identified structures in its current existing physical condition and state with vacant possession from EPSB for a total cash consideration of RM240 million ("Proposed Acquisition"). The purchase of the lands is for the development and sale of industrial properties by HGSB. The total consideration was adjusted to RM239.4 million due to identified encroachments on the Lands based on the site/boundary survey conducted by HGSB as provided under the SPA. The Proposed Acquisition was completed on 24 December 2020.

22. BORROWINGS

Total Group borrowings are as follows:

	As at 31.12.2020 RM'000
(a) Short-Term Borrowings	
Bank overdrafts	
- Secured	771
- Unsecured	3,768
Total	4,539
(b) Others	
<u>Secured</u>	
Bankers acceptances	265,123
Revolving credits	453,686
Short-term loans	7,213
Short-term loans under Islamic financing	120,604
Hire purchase - portion repayable within 12 months	27,642
Long-term loans - portion repayable within 12 months	197,494
Long-term loans under Islamic financing - portion repayable within 12 months	331,653
Sub-total	1,403,415
<u>Unsecured</u>	
Bankers acceptances	491,281
Revolving credits	107,400
Long-term loans - portion repayable within 12 months	1,760
Long-term loans under Islamic financing - portion repayable within 12 months	88,000
Sub-total	688,441
Total	2,091,856
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	91,117
- portion repayable within 12 months	(27,642)
	63,475
Long-term loans	859,811
- portion repayable within 12 months	(197,494)
	662,317
Long-term loans under Islamic financing	3,953,088
- portion repayable within 12 months	(331,653)
	3,621,435

22. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

	As at 31.12.2020 RM'000
(c) Long-Term Borrowings (Continued)	
<u>Unsecured</u>	
Long-term loans	2,200
- portion repayable within 12 months	(1,760)
	440
Long-term loans under Islamic financing	1,003,334
- portion repayable within 12 months	(88,000)
	915,334
Total	5,263,001
Grand Total	7,359,396

(d) Apart from the following Ringgit Malaysia ("RM") equivalent of foreign currency borrowings, the rest of the borrowings are denominated in RM.

	Short-Term			Long-Term			Total		
	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000
As at 31 December 2020									
Secured									
Short-term loans under Islamic financing	GBP	4,283	23,447	-	-	-	GBP	4,283	23,447
	USD	24,223	97,158	-	-	-	USD	24,223	97,158
Short-term loans	USD	1,068	4,283	-	-	-	USD	1,068	4,283
Revolving credits	USD	50,660	203,197	-	-	-	USD	50,660	203,197
Term loans under Islamic financing	USD	3,677	14,750	USD	15,755	63,193	USD	19,432	77,943
Term loans	USD	44,625	178,991	USD	92,375	370,516	USD	137,000	549,507
Total			521,826			433,709			955,535

23. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 December 2020 consist mainly of foreign exchange contracts, profit rate swap and currency swap foreign exchange contracts which are measured at their fair values together with their corresponding contract/notional amounts as below:

	Contract/ Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Financial instruments at fair value through profit or loss			
Currency forward foreign exchange contracts	1,951,670	7,504	50,551
Currency swaps foreign exchange contracts	2,432,415	40,343	49,797
Islamic profit rate swap	1,200,000	-	107,516
Share options and warrants	1,626	1,626	-
	5,585,711	49,473	207,864

There is no significant change for the financial derivatives in respect of the following since the last financial period ended 31 December 2019:

- (i) the credit risk, market risk and liquidity risk associated with these financial derivatives;
 - (ii) the cash requirements of the financial derivatives; and
 - (iii) the policy in place for mitigating or controlling the risks associated with these financial derivatives.
- (b) Disclosure of (loss)/gain arising from fair value changes of financial derivatives

During the financial year ended 31 December 2020, the Group recognised a total net loss of RM99.52 million arising from the fair value changes on the currency forward foreign exchange contracts, currency swaps foreign exchange contracts, Islamic profit rate swap and share options and warrants which are marked to market as at 31 December 2020.

24. MATERIAL LITIGATION

Save as disclosed below, there is no material litigation as at the date of this report.

- (a) On 14 January 2019, Proton Automobiles (China) Ltd. (“PACL”) was served with a Civil Complaint, filed at the Guangdong High People’s Court (“GHC”), by Goldstar Heavy Industrial Co., Ltd. (“Goldstar”), involving PACL and Perusahaan Otomobil Nasional Sdn. Bhd. (“PONSB”) as Defendants. PACL is a wholly-owned subsidiary company of PONSB and PONSB is wholly-owned subsidiary company of PROTON Holdings Berhad (“PHB”) which in turn is a 50.10% owned subsidiary company of DRB-HICOM Berhad (“Company”).

Goldstar is claiming, inter alia, the sum of Renminbi (“RMB”) 860,613,418 (equivalent to RM522,908,713 based on Bank Negara Exchange Rate as at 17 January 2019 of RMB1: RM0.6076). The claims arose as a result of the Equity Joint Venture Contract (“EJVC”) dated 17 April 2015, entered into between PHB, Lotus Group International Limited (“LGIL”) and Goldstar on the establishment of a joint venture company named as Goldstar Lotus Automobile Co., Ltd. (“GLAC”); and its termination on 22 January 2018, amongst others. The said termination had been announced to Bursa Malaysia Securities Berhad on 23 January 2018.

The purpose of the EJVC was to form a joint venture company to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories and to provide after-sales services (including spare parts) in connection with its products in People’s Republic of China.

GLAC has not yet commenced its business operations due to Goldstar’s breach of its sole material obligation under the EJVC to obtain the required manufacturing licence. The deadline to obtain the manufacturing licence pursuant to the EJVC was originally 25 September 2017. This was subsequently extended to 31 December 2017. Pursuant to the EJVC, failure to obtain the said manufacturing licence within the agreed timeframe entitles either party to terminate the EJVC.

On the advice of appointed lawyers, as one of the steps to defend the claims and to ensure that the rights of the Company are protected, PONSB filed a Jurisdiction Opposition Notice (“JON”) on 4 April 2019 to oppose GHC’s jurisdiction to hear the Civil Complaint. The main reason for filing the JON is that the Joint Venture Contract entered into between Goldstar and PACL dated 17 June 2002 (“2002 JVC”) had been subsequently terminated by a termination agreement entered into by Goldstar, PACL and PONSB on 3 September 2013 (as supplemented and amended by a supplemental termination agreement dated 23 April 2014 and a second supplemental termination agreement dated 17 April 2015) (collectively the “TA”). The TA constitutes the full and final settlement of all previous disputes between the parties, and in this regard, the dispute resolution clause in the TA provides that all disputes relating to the TA should be submitted to arbitration in Hong Kong.

On 27 August 2019, GHC issued a ruling which held that it had jurisdiction over Goldstar’s claims (“Ruling”) and PONSB’s jurisdictional challenge was dismissed. On 26 September 2019, PONSB filed an appeal against the Ruling to the Supreme People’s Court in Beijing (“SPC”). The Hearing of the appeal was heard online on 7

24. MATERIAL LITIGATION (Continued)

(a) (Continued)

July 2020 and both parties submitted their written submissions on 17 July 2020. On 5 November 2020, the Company had been notified by its appointed lawyers that the SPC had allowed PONSB's appeal, upheld PONSB's jurisdictional challenge and dismissed the earlier Ruling made by the GHC in favour of Goldstar. The SPC is of the view that the GHC has no jurisdiction to hear the case filed at the GHC. The proceedings at the GHC with respect to Goldstar's claims against PACL and PONSB for, inter alia, the sum of Renminbi (RMB) 860,613,418 (equivalent to RM522,908,713 based on Bank Negara Exchange Rate as at 17 January 2019 of RMB1: RM0.6076) will cease. As the matter has been decided by the SPC, the GHC legal suit is therefore dismissed with immediate effect.

The Company has taken the following steps to defend the claims as countermeasures:

(i) Arbitration Proceedings under the Termination Agreement ("TA") at the Hong Kong International Arbitration Centre ("HKIAC")

In order to exercise its rights under the TA and as a corollary of challenging the GHC proceedings and pursuant to the dispute resolution clause in the TA which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the TA constitutes a full and final settlement of all issues and disputes under the 2002 JVC and its related agreements;
- (b) all existing, future and accrued rights and obligations of the parties pertaining to the 2002 JVC and its related agreements have ceased; and
- (c) the TA was affirmed by Goldstar with the execution of the EJVC.

The Arbitration Proceedings consisting of a single arbitrator has yet to commence. Hearing dates have been fixed on 22 February 2021 until 25 February 2021.

(ii) Arbitration Proceedings under the EJVC at the HKIAC

Pursuant to the dispute resolution clause in the EJVC which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the EJVC has been validly and effectively terminated; and
- (b) Goldstar has failed to perform its obligations under the EJVC, thus making it impossible for the EJVC to continue operation.

The Arbitration Proceedings consisting of three arbitrators has yet to commence. Hearing dates have been fixed on 3 March 2021 until 12 March 2021.

24. MATERIAL LITIGATION (Continued)

- (b) As announced to Bursa Malaysia Securities Berhad on 13 March 2020, China State Construction Engineering (M) Sdn. Bhd. (“CSCE”), a sub-contractor of Media City Development Sdn. Bhd. (“MCDSB”) [a wholly-owned subsidiary company of Media City Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary company of Media City Ventures Sdn. Bhd. which in turn is a wholly-owned subsidiary company of the Group] for the project, “Cadangan Membina, Melengkap Dan Menyiapkan Kerja-Kerja Bangunan Dan Infrastruktur Bagi Bandar Media Angkasapuri Di Atas Sebahagian Lot PT23, 8354, 47446 Dan 47447 Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur - Main Building Package”, has initiated arbitration proceedings at the Asian International Arbitration Centre against MCDSB, in relation to disputes and/or differences arising from and/or related to the Letter of Award dated 6 December 2016 and the PAM Contract 2006 (with Quantities) dated 6 July 2017 (collectively referred to as “Contracts”), and the determination of the Contracts by MCDSB on 29 July 2019 (“Arbitration Proceedings”). CSCE has filed a Statement of Claim in the Arbitration Proceedings on 9 March 2020 wherein the total estimation of the claim is around the sum of RM129,700,000 (excluding interests and the costs of arbitration).

Meantime, on 13 January 2020, CSCE served its Adjudication Claim on MCDSB pursuant to the Construction Industry Payment and Adjudication Act 2012 for the non-payment of certified sums due amounting to RM22,191,443. On 22 April 2020, Adjudicator has given his award and ordered that MCDSB pays the sum of RM22,191,443, excluding interests and costs.

MCDSB’s legal advisors have advised that the Adjudication Award is not binding on the Arbitration Proceedings and that all issues will be finally determined in the Arbitration Proceedings. In relation thereto and pursuant to the advice of MCDSB’s legal advisors, MCDSB filed applications to Stay and to Set Aside the Adjudication Award at the High Court.

With regards to the Stay application of the Adjudication Award, CSCE's solicitors had on 9 July 2020 served a Notice of Application to strike out the amended originating summons of the Stay application filed by MCDSB. On 5 October 2020, the High Court heard both parties’ submissions in relation to the Notice of Application. On 11 December 2020, the High Court made the decision to allow CSCE's application to strike out MCDSB’s amended originating summons of the Stay application.

In relation to the Setting Aside application of the Adjudication Award filed by MCDSB, the High Court had on 30 July 2020 dismissed the said application.

In respect of the Arbitration Proceedings, the Arbitrator has vacated the hearing dates fixed between 22 March 2021 and 26 March 2021, 29 March 2021 and 2 April 2021, and backup dates from 12 April 2021 to 16 April 2021. In relation thereto, the Arbitrator has fixed new hearing dates for the Arbitration Proceedings between 16 August 2021 to 20 August 2021, 23 August 2021 to 27 August 2021 and 6 September 2021 to 10 September 2021.

24. MATERIAL LITIGATION (Continued)

- (c) On 28 September 2020, Gading Sari Aviation Services Limited, a Labuan based company (“Gading Sari”) and World Cargo Airline Sdn. Bhd. (formerly known as Pos Asia Cargo Express Sdn. Bhd.) (“World Cargo Airline”) (collectively referred to as “the Defendants”) were served with a Writ of Summons and Statement of Claim, filed at the Kuala Lumpur High Court by the Bank of Utah (“the Plaintiff”). The Bank of Utah is a corporation organised under the laws of State of Utah, United States of America.

Gading Sari is a wholly-owned subsidiary company of World Cargo Airline, and World Cargo Airline is a wholly-owned subsidiary company of Pos Aviation Sdn. Bhd. (“Pos Aviation”), which in turn is an indirect 53.50% owned subsidiary company of the Group.

The Plaintiff is claiming for, inter alia, the sum of USD8,782,964.00 (equivalent to RM36,422,951.70) being the losses, damages, expenses, costs and/or liabilities sustained by the Plaintiff, as of 23 July 2020, from the Defendants as a result of alleged breaches and/or defaults under relevant contracts, which include amongst others, a Lease Agreement dated 13 February 2013, executed between the Plaintiff and Gading Sari, for the lease of an aircraft by the Plaintiff to Gading Sari (“Lease Agreement”) and a Sublease Agreement dated 15 March 2013, executed between Gading Sari and World Cargo Airline, for the sublease of the same aircraft by Gading Sari to World Cargo Airline (“Sublease Agreement”). Contractually, the Plaintiff is the Lessor, while Gading Sari and World Cargo Airline are the Lessee and Sub-Lessee respectively.

The Defendants and its legal advisors have reviewed the aforesaid claims; and will take all the necessary steps to defend against the claims and ensure the rights of the Defendants are protected. The Defendants have filed their Statement of Defence and Counterclaim on 25 November 2020. The case management has been fixed on 16 April 2021. The trial dates have been fixed on 26 July 2022 until 29 July 2022.

25. DIVIDEND

An announcement of the dividend payment for the financial year ended 31 December 2020 will be made upon the finalisation of the audited financial statements in April 2021.

26. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the Group's net profit attributable to Owners of the Company by the number of ordinary shares in issue during the financial year:

	Financial Quarter 3 Months Ended 31.12.2020	Financial Year 12 Months Ended 31.12.2020
Net profit attributable to Owners of the Company (RM'000)	985,989	554,132
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic and diluted earnings per share (sen)	51.00	28.66

27. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding audited annual financial statements was not subject to any qualification.

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
24 February 2021