

Financial Calendar



The infographic features three circular nodes arranged in a triangle, each with a blue and purple segmented ring. The background is a blurred image of a city street with pedestrians. The top node is for August 27, the middle for September 29, and the bottom for November 19. Each node is connected to a central white circle containing the text '25th Annual General Meeting.'

27
August
2020

Announcement of the unaudited results for the financial period ended 30/06/2020.

29
September
2020

25th Annual
General
Meeting.

19
November
2020

Announcement of the unaudited results for the financial period ended 30/09/2020.

Financial Calendar

cont'd

Announcement of
the unaudited
results for
the financial
period ended
31/12/2020.

24
February
2021

Announcement of
the unaudited
results for
the financial
period ended
31/03/2021.

27
May
2021

Management Discussion & Analysis

INTRODUCTION

During the financial year 2021 (“FY2021”), the domestic business environment for Opcom Holdings Berhad (“Opcom” or “Company”) and its group of companies (“Opcom Group” or “the Group”) improved considerably while the exports business volume weakened compared to previous year. Group Revenue in FY2021 was RM67.0 million compared to RM44.5 million in the previous year which is an increase of approximately 51%.

Opcom continues to diversify its business away from fibre optic cable manufacturing and moves into exports of thixotropic gel market. Local fibre optic cable sales accounted for 61% of total Group Revenue compared to about 26% from exports of thixotropic gel. We believe the fibre optic cable manufacturing segment of our businesses will further increase their contributions to Group Revenue in current year and going forward.

OUR BUSINESS ACTIVITIES

Our fibre optic cables are sold to mainly few key Telecommunications network operators for local network infrastructure and electrical utility provider. Despite prices competitions still remain challenging from foreign competitors, the fibre optic cable market in Malaysia is challenged by sudden customers demand. Shipment of fibre optic cables to customers increased significantly by two-fold compared to financial year 2020.

In our thixotropic gel manufacturing business, we are exporting gel to many countries worldwide. Our customers are mainly fibre optic cable manufacturers and at a smaller scale to post tensioning construction companies. The global fibre optic cable industry should remain strong and robust while the use of our gel in post-tensioning should gain more popularity. In March 2021, Opcom has successfully commissioned its new production lines for manufacturing of a new product, fibre reinforced plastics (FRP) for export markets. We were expecting sales of FRP to start contributing to Opcom’s revenue in the new financial year.

Our Engineering Services segment continues servicing TM as Customer Network Contractors (CNC) and Customer Broadband Contractors (CBC), while being Celcom Installation Partner and turnkey contractor of cluster program for both Central and Southern Regions and for TT Dot Com in Central Region.

Management Discussion & Analysis

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FINANCIAL PERFORMANCE

In FY2021, the Group's revenue was RM67.0 million, an increase of approximately 51% from the previous financial year due to higher shipment of fibre optic cables in the domestic market. Shipment of fibre optic cables increased by 130% in FY2021 compared to the preceding year. Engineering Services increased by 19% in comparison to financial year 2020.

Opcom Group reported a profit after tax of RM3.2 million compared to a loss after tax of RM9.9 million in the preceding year. The main reason for the improvement was due to operating profits by the fibre optic cable manufacturing business and engineering services segments. Our gel exports business was performing better as compared to the previous year, partly due to the impairment of property, plant and equipment of RM2.2 million as a result of adoption of Malaysian Financial Reporting Standards, MFRS 136 in financial year 2020.

CAPITAL EXPENDITURE

During the financial year, Opcom had added a new manufacturing capability to produce the new product, FRP, with an investment in plant and machinery of approximately RM 2.2 million.

BUSINESS RISKS

Fibre optic cable manufacturing in Malaysia depends on orders from few key domestic customers. However, initiative by government to improve coverage of broadband within the country including East Malaysia, has significantly improved the demand by the key customers which is the key broadband providers. High volume and demand translated to more order and deliveries of raw material and finished goods, thus more capex required and tighter better financial planning for the company.

The thixotropic gel is exported to many countries worldwide which naturally a hedge to generalise its business against geographical, political and government policy risks. The sales are in US dollar which is a natural hedge against our US dollar denominated raw materials. The risk we see affecting this business is in securing sizeable order volume to maintain and expand our manufacturing scale.

We recently faced new risk in our exports from high sea freight cost and low vessel space availability for shipments out of Malaysia. Sea freight has become a risk affecting our ability and competitiveness to export.

Engineering Services continue to deploy people at site during project implementation and people's safety at sites or damage to utilities planted underground are risks we face during the piping, drilling and cable installing.

OUTLOOK

The COVID-19 pandemic has adversely affected the global economies. According to the World Bank in its June 2020 article, the global economic growth in 2020 is expected to contract by 5.2%. A reflection of the recent plunge in global energy demand, low oil prices are unlikely to provide much of a boost to global growth in the near term. It is expected that policymakers' immediate priorities are to address the health crisis and moderate the short-term economic losses. The likely long-term consequences of the pandemic highlight the need to forcefully undertake comprehensive reform programs to improve the fundamental drivers of economic growth once the crisis recovers. Bank Negara Malaysia revised its domestic economic growth rate projection to between -2.5% to 0.5% in its April 2020 report.

The Group expects the current financial year to be very challenging in the domestic market sales for fibre optic cables and engineering services. We had some sizeable fibre optic cables orders in past months arising from import constraint our customers are facing due to COVID-19 pandemic. Despite some good order months, we expect the similar weak domestic demand and competitive pressure from foreign imports will continue to put a negative impact on our domestic business outlook.

Various Governments' initiatives such as JENDELA, National Fibreisation & Connectivity Plan (NFCP) and the adoption of 5G networks has expedite implementation for the expansion of the broadband coverage to the whole country. This has translated to greater opportunity for OPCOM to deliver more fibre optic cables to key customers.

Our current export business will maintain its momentum as we expect the thixotropic gel and the new FRP manufacturing businesses in global market to be healthy. We expect our export business and the business prospects of our associate companies in overseas to be good in the current year.

As in previous years, Engineering Services remains an aspect for domestic market sales growth. Opcom Engineering Services Sdn. Bhd., a 90% owned engineering services subsidiary, continues to build key competency and make progress in developing its engineering services offering to the Malaysian market.

Looking internally, Opcom Group continues to rationalise its operating cost to minimise cost impact to its cash flows and working capital.

Board of Directors



**MAGNUS
KREUGER**

*Independent
Non-Executive
Director*

**SVEN JANNE
SJÖDÉN**

*Non-Independent
Non-Executive
Director*

**ONG
SOON LIM**

*Executive
Director*

Board of Directors

cont'd



**DATO' MAZLIN BIN
MD JUNID**

*Chairman/Independent
Non-Executive
Director*



**CHAN
BEE LEAN**

*Non-Independent
Non-Executive
Director*



**TEH
LI KING**

*Non-Independent
Non-Executive
Director*

Board of Directors' Profile

DATO' MAZLIN BIN MD JUNID
Chairman/Independent Non-Executive Director
 Age 59, Male Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in the financial year:

-/-

Qualifications:

- Masters in Business Administration from Cranfield University, England
- Bachelor of Science Degree in Mechanical Engineering from the University of Brighton (formerly known as Brighton Polytechnic), Sussex, England

Membership of Board Committee:

- Audit Committee
- Nominating and Remuneration Committee

Skills, Experience and Expertise:

He started his career 1984 with Hicom Yamaha Manufacturing (M) Sdn. Bhd. as Assistant Manager of Operations to head the Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant & Regional Manager for the manufacturing sector. During his 4 years stint with PA Consulting Group, he was seconded to work in 13 different organisations in the area of performance improvement and profit turnaround.

In 1992, he left PA Consulting Group and joined the Sime Darby Group as Managing Director of 5 companies. He ascended to the group level of the Sime Darby Group in 1995 as Group Manager.

From 1995-1997, he was a business partner of ASPAC Executive Search Sdn. Bhd. ("**ASPAC**"), a recruitment agency in Malaysia with operations in the United Kingdom, Australia and other Asian countries through affiliate offices.

After he divested his equity stake in ASPAC, he acquired a majority interest in SECA Dyme Sdn. Bhd. ("**SECA**"), a speciality chemical trading company, supplying to downstream petrochemical industries.

In 2007, he was appointed as the Executive Vice Chairman, President & Group Chief Executive Officer of Daya Materials Berhad ("**DMB**") after DMB acquired SECA. He resigned from the Board of DMB in August 2014. He was also formerly an Independent Non-Executive Director of Sapura Industrial Berhad, Sapura Technology Berhad and Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs & Development in Reach Energy Berhad.

On 20 April 2015, Dato' Mazlin was appointed as a Non-Independent and Non-Executive Director of ENRA Group Berhad. He was redesignated as President & Group Chief Executive Officer, Non-Independent Executive Director of ENRA Group Berhad on 1 June 2015.

Board of Directors' Profile

cont'd



ONG SOON LIM
Executive Director
Age 56, Male Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in the financial year:

-/-

Qualifications:

- Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM)

Membership of Board Committee:

Tender Committee

Skills, Experience and Expertise:

He started his career as the factory operations management in 1986 with Hextar Chemicals Sdn. Bhd., where his last appointment was Factory Manager. He then moved on to the logistics industry where he spent 13 years managing 3rd party warehouses and providing supply chain services. He is responsible for the overall development of the group of companies and overseas the administration and operations of the group of companies.

Board of Directors' Profile

cont'd

TEH LI KING

*Non-Independent Non-Executive Director
Age 42, Male Malaysian*

Date Appointed to the Board:

24 February 2021

Number of Board Meetings Attended in the financial year:

-/-

Qualifications:

- Master of Business Administration from Charles Sturt University, Australia
- Bachelor of Science in Business from New Hampshire College, USA
- Pre-Contract Examination for Insurance Agent Certification from The Malaysia Insurance Institute, Malaysia

Membership of Board Committee:

-

Skills, Experience and Expertise:

Mr Teh joined Hong Leong Bank as the Account Relationship Executive in 2000, managing and developing portfolio of business banking clients before joining the metal industry in 2003 dealing with both ferrous and non-ferrous materials. He subsequently moved on to the chemicals manufacturing industry and is currently the Group Chief Operating Officer of Hextar Group of Companies. His experience covers the area of management, banking and manufacturing.

Mr Teh currently also sits on the Board of SWS Capital Berhad, Complete Logistics Services Berhad and Pekat Group Berhad.

Board of Directors' Profile

cont'd



MAGNUS KREUGER
Independent Non-Executive Director
Age 65, Male Swedish National

Date Appointed to the Board:

19 October 2018

Number of Board Meetings Attended in the financial year:

12/12

Qualifications:

- Master of Business Administration in International Business Management from Uppsala University, Sweden
- Degree of Systems Design and Analysis in Data Processing and System Analysis from New York University, USA
- Bachelor of Science in Economics from Uppsala University, Sweden

Membership of Board Committee:

- Audit Committee
- Nominating & Remuneration Committee
- Tender Committee

Skills, Experience and Expertise:

He has over 30 years of financial, management and leadership experience in the global telecommunication industry.

Prior to his retirement, he was the President of Cable & Interconnect Business of Ericsson AB.

Board of Directors' Profile

cont'd

SVEN JANNE SJÖDÉN
Non-Independent Non-Executive Director
Age 76, Male Swedish National

Date Appointed to the Board:

11 November 2003

Number of Board Meetings Attended in the financial year:

12/12

Qualifications:

Bachelor of Science in Economics from Uppsala University, Sweden

Membership of Board Committee:

- Nominating & Remuneration Committee
- Tender Committee

Skills, Experience and Expertise:

He joined Ericsson Network Technologies AB, Sweden ("ENT") in 1966 and has acquired extensive experience in the production of a wide range of telecom equipment.

He held various senior positions within production both at Telefonaktiebolaget LM Ericsson, Sweden and ENT. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for ENT.

Between 1992 and 2008, he was responsible for the Business Unit Cable and was at the same time appointed the President of ENT.

He was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 20 August 2021.

Board of Directors' Profile

cont'd

CHAN BEE LEAN (f)
Non-Independent Non-Executive Director
Age 49, Female Malaysian

Date Appointed to the Board:

7 January 2010

Number of Board Meetings Attended in the financial year:

12/12

Qualifications:

- Bachelor of Accounting Degree (Honours) from University Utara Malaysia
 - Member of the Malaysian Institute of Accountants
 - Member of the Institute of Internal Auditors Malaysia

Membership of Board Committee:

- Audit Committee

Skills, Experience and Expertise:

She has been in internal auditing for over twenty (20) years. She is currently the Group Internal Audit Manager of Merge Housing Sdn. Bhd. and its related companies.

She was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 20 August 2021.

Notes:

- 1) All Directors, except for Ong Soon Lim, do not have any family relationship with any Director and/or major shareholder of the Company. Y. Bhg Dato' Ong Choo Meng, the substantial shareholder of Opcom Holdings Berhad, is the nephew of Ong Soon Lim.
- 2) All Directors have no conflict of interest with the Company and have not been convicted for any offences within the past five (5) years.
- 3) All Directors have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year ended 31 March 2021.
- 4) All Directors, except for Dato' Mazlin Bin Md Junid and Teh Li King, do not have any directorship in public companies and listed issuers.

Senior Management's Profile

YUSREE PUTRA BIN ALIAS

Chief Executive Officer, Opcom Engineering Services Sdn. Bhd.

Chief Operating Officer, Opcom Cables Sdn. Bhd.

Yusree Putra Bin Alias, age 50, Male Malaysian, joined the Group in 1997. He earned a Diploma in Electrical Engineering (Electronics) from Universiti Teknologi MARA (UiTM) in 1993. He started his career in Marconi (M) Sdn. Bhd. and joined the Group in April 1997 as a Project Manager. Since 2000, he has been responsible for sales and marketing of the Group's fibre optic cable products. He was appointed as Vice President in 2010 and subsequently as Chief Operating Officer of Opcom Cables Sdn. Bhd. in 2014. In the year 2017, he was appointed as the Chief Executive Officer of Opcom Engineering Services Sdn. Bhd.

ROHIZA BINTI HUSAIN

Plant Manager, Unigel Compounds Sdn. Bhd.

Rohiza Binti Husain, age 51, Female Malaysian, joined the Group in 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. She has over twenty (20) years' experience in engineering where she was involved in machine maintenance, design/installation and commissioning of new machines and equipment. She is responsible for Unigel Compounds Sdn. Bhd. manufacturing activities.

CHAN AI JOO, CINDY

Group Financial Controller, Opcom Group

Chan Ai Joo, Cindy, age 44, Female Malaysian, joined the Group in 2020. She earned a Degree of Bachelor of Accounting from Universiti Malaya, Malaysia, and the Commonwealth Executive Master of Business Administration from Wawasan Open University, Malaysia. As an accountant by training, she is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a member of The Malaysian Institute of Certified Public Accountants (MICPA). She has over nineteen (19) years of working experience in accounting, finance, and taxation in various corporations in Malaysia. She is responsible for the overall Group's finance function.

Senior Management's Profile

cont'd

ONG SOON LIM

Deputy General Manager, Opcom Group

Ong Soon Lim, age 56, Male Malaysian, joined the Group on 1 March 2021. He earned a Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM). He started his career as the factory operations management in 1986 with Hextar Chemicals Sdn Bhd, where his last appointment was Factory Manager. He then moved on to the logistics industry where he spent 13 years managing 3rd party warehouses and providing supply chain services. He is responsible for the overall development of the group of companies and overseas the administration and operations of the group of companies.

HIA NGEE TENG, TERRY

Deputy General Manager, Finance & Admin, Opcom Group

Hia Ngee Teng, Terry, age 51, Male Malaysian, joined the Group on 26 December 2018. He graduated from University of Wollongong, Australia with a Bachelor of Commerce majoring in Accountancy and from University of Southern Queensland, Australia with a Graduate Diploma in Information Technology. He has worked in audit, information systems audit, general accounting, SAP implementation and support, which were gained from a Big 4 audit firm and MNCs since 1991. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow of CPA Australia.

Notes:

- 1) All senior management, except for Ong Soon Lim, do not have any family relationship with any Director and/or major shareholder of the Company. Y. Bhg Dato' Ong Choo Meng, the substantial shareholder of Opcom Holdings Berhad, is the nephew of Ong Soon Lim.
- 2) All senior management have no conflict of interest with the Company and have not been convicted for any offences within the past five (5) years.
- 3) All senior management have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year ended 31 March 2021.
- 4) All senior management do not have any directorship in other public companies and listed issuers.