

# BERTAM ALLIANCE BERHAD

305530-A



# ANNUAL REPORT / 2017



# CONTENTS

**02**

Notice of Twenty-Fourth Annual General Meeting

**11**

Corporate Sustainability Statement

**16**

Group Financial Indicators

**31**

Financial Statements

**06**

Statement Accompanying Notice of Annual General Meeting

**12**

Profile of the Board of Directors

**17**

Corporate Governance Overview Statement

**88**

List of Properties

**07**

Corporate Information

**14**

Key Senior Management Profile

**26**

Audit Committee Report

**89**

Analysis of Shareholdings

**08**

Management Discussion and Analysis

**15**

Group Financial Highlights

**29**

Statement on Risk Management and Internal Control

Form of Proxy

## 24<sup>th</sup> ANNUAL GENERAL MEETING

 Kinabalu Room 1, Level 2,  
Ming Garden Hotel & Residences,  
Lorong Ming Garden, Jalan Coastal,  
88000 Kota Kinabalu, Sabah

 Thursday, 28 June 2018

 9:00 a.m.



## 24<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fourth Annual General Meeting (“24<sup>th</sup> AGM”) of the Company will be held Kinabalu Room 1, Level 2, Ming Garden Hotel & Residences, Lorong Ming Garden, Jalan Coastal, 88000 Kota Kinabalu, Sabah on 28 June 2018 at 9:00 a.m. to transact the following businesses:-

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note 1)
2. To re-elect Mr Lim Shaw Keong @ Alfred Lim who retires by rotation pursuant to Article 91 of the Company’s Articles of Association. (Ordinary Resolution 1)
3. To re-elect Mr Koo Jenn Man who retires by rotation pursuant to Article 91 of the Company’s Articles of Association. (Ordinary Resolution 2)
4. To approve the payment of Directors’ fees of RM216,000.00 to Directors of the Company for the financial year ended 31 December 2017. (Ordinary Resolution 3)
5. To approve the payment of Directors’ fees of up to RM396,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 1 January 2018 until the conclusion of the next Annual General Meeting (“AGM”) of the Company. (Ordinary Resolution 4)
6. To approve the payment of other benefits payable of up to RM24,000 for the period commencing from 29 June 2018 until the conclusion of the next AGM of the Company. (Ordinary Resolution 5)
7. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

### AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**  
“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”) 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 ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.” (Ordinary Resolution 7)
9. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**  
“THAT subject to the provisions of the Main Market Listing Requirements of Bursa, approval be and is hereby given for the Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Renewal Shareholders’ Mandate”) for the Company and/or its subsidiary companies (“the Group”) to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2018 (“the Related Parties”) provided that such transactions are:- (Ordinary Resolution 8)
  - a. recurrent transactions of a revenue or trading nature;
  - b. necessary for the day-to-day operations;
  - c. undertaken in the ordinary course of business and at arm’s length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
  - d. are not prejudicial to the minority shareholders of the Company.

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

- a. the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- b. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. is revoked or varied by resolution passed by shareholders in a general meeting, whichever is earlier.

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

## 10. PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

"**THAT** subject to Section 127 of the the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, Main Market Listing Requirements of Bursa Securities and any other relevant authority, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa as at the point of purchase; (Ordinary Resolution 9)

**AND THAT** the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- i. the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that 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 in general meeting,

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa and/or any other relevant governmental and/or regulatory authorities (if any).

**AND THAT** upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- i. cancel all the ordinary shares so purchased; and/or
- ii. retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa; and/or
- iii. retain part thereof as treasury shares and cancel the remainder.

**AND THAT** the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back."

# Notice of Twenty-Fourth Annual General Meeting

## 11. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

(Special Resolution 1)

“**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2018 be and is hereby adopted as the Company’s Constitution **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

12. To transact any other business of which due notice shall have been given.

By Order of the Board

**TAN TONG LANG (MAICSA 7045482)**  
**THIEN LEE MEE (f) (LS0009760)**

Company Secretaries

Kuala Lumpur  
30 April 2018

### Notes:

- i. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 22 June 2018. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, speak or vote on his/her behalf.
- ii. A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- iii. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- iv. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
- vi. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- vii. 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 of authority, shall be deposited at the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- viii. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

## Explanatory Notes:

### 1. Audited Financial Statements for the Financial Year Ended 31 December 2017

The audited financial statements are meant for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

### 2. Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5

Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting and other benefits from the 29 June 2018 the conclusion of the next AGM of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

### 3. Ordinary Resolution 7 - Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution No. 7 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 75 of the Act which was approved by shareholders at the last year's AGM ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed resolution, if passed, will empower the Directors to issue and allot new shares in the Company at any time as the Directors may deem fit provided the aggregate number of shares issued pursuant to the mandate does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, without convening a general meeting. The authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was give, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 23<sup>rd</sup> AGM held on 26 May 2017 and which will lapse at the conclusion of the 24<sup>th</sup> AGM.

### 4. Ordinary Resolution 8 - Proposed Renewal of Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution No. 8, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders. For more information, please refer to the Circular to Shareholders dated 30 April 2018 which is circulated together with this Annual Report.

### 5. Ordinary Resolution 9 – Proposed Authority for the Company to Purchase its Own Shares of up to Ten Percent (10%) of the Issued and Paid-Up Share Capital of the Company ("Proposed Share Buy Back")

Ordinary Resolution No. 9 if passed, will empower the Directors of the Company to exercise the power of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first. For further information, please refer to the Circular to Shareholders dated 30 April 2018 which is circulated together with this Annual Report.

### 6. Special Resolution 1

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016, Bursa Securities MMLR and to enhance administrative efficiency. The Proposed Adoption of New Constitution of the Company is set out in the Circular to Shareholders dated 30 April 2018.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

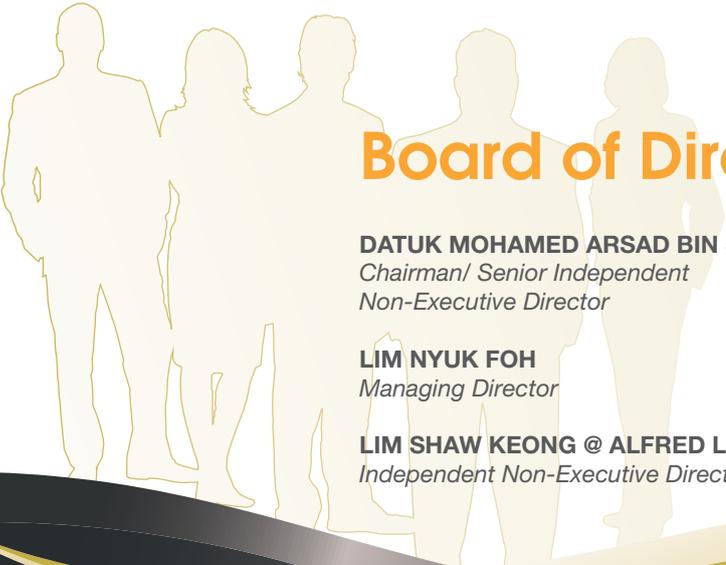
The Directors who are standing for re-election at the 24<sup>th</sup> AGM of the Company are:

- |                                |            |                       |
|--------------------------------|------------|-----------------------|
| i. Lim Shaw Keong @ Alfred Lim | Article 91 | Ordinary Resolution 1 |
| ii. Koo Jenn Man               | Article 91 | Ordinary Resolution 2 |

The profile of the above Directors are set out on pages 12 to 13 of the Annual Report 2017. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on page 33 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Overview Statement on page 21 of the Annual Report 2017.

The 24<sup>th</sup> AGM of the Company will be held at Kinabalu Room 1, Level 2, Ming Garden Hotel & Residences, Lorong Ming Garden, Jalan Coastal, 88000 Kota Kinabalu, Sabah



## Board of Directors

**DATUK MOHAMED ARSAD BIN SEHAN**  
Chairman/ Senior Independent  
Non-Executive Director

**LIM NYUK FOH**  
Managing Director

**LIM SHAW KEONG @ ALFRED LIM**  
Independent Non-Executive Director

**CHIEW BOON CHIN**  
Executive Director

**KOO JENN MAN**  
Non-Independent Non-Executive Director

### AUDIT COMMITTEE

**LIM SHAW KEONG @ ALFRED LIM**  
Chairman

**DATUK MOHAMED ARSAD  
BIN SEHAN**  
Member

**KOO JENN MAN**  
Member

### NOMINATION COMMITTEE

**DATUK MOHAMED ARSAD  
BIN SEHAN**  
Chairman

**LIM SHAW KEONG @ ALFRED LIM**  
Member

### REMUNERATION COMMITTEE

**LIM SHAW KEONG @ ALFRED LIM**  
Chairman

**DATUK MOHAMED ARSAD  
BIN SEHAN**  
Member

### COMPANY SECRETARIES

**TAN TONG LANG**  
MAICSA 7045482

**THIEN LEE MEE (F)**  
LS0009760

### REGISTERED OFFICE

Suite 10.03, Level 10,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.  
Telephone : 603-2279 3080  
Facsimile : 603-2279 3090

### SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE  
SERVICES SDN BHD  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South City,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Telephone : 603-2783 9299  
Facsimile : 603-2783 9222

### AUDITORS

UHY (AF1411)  
Chartered Accountants  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.

### BUSINESS ADDRESS

Level 23, Unit 23-01 to 23-07,  
Tower B, Vertical Business Suite,  
Avenue 3, Bangsar South City,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Telephone : 603-2242 3669  
Facsimile : 603-2242 3662  
Website : www.bertamalliance.com

### PRINCIPAL BANKERS

RHB BANK BERHAD  
OCBC BANK (M) BERHAD  
PUBLIC BANK BERHAD

### SOLICITORS

FERNANDEZ & CO.  
LEELA A. SANGHRAJKA & ASSOCIATES  
SF CHAN & CO  
TH MOI & ASSOCIATES  
CK OON & CO.  
CHEE & CO.  
THOMAS ONG LEONG & ASSOCIATES

### STOCK EXCHANGE LISTING

BURSA MALAYSIA  
SECURITIES BERHAD  
Main Market  
Stock Code : 9814

Bertam Alliance Berhad (“Bertam Alliance”) or (“the Group”) is an investment holding company with a diverse portfolio of business ventures mainly in property development, real estate and construction.

Bertam Alliance will continue to review and implement measures, amongst others, its business plan with a focus on driving revenue and contribution growth, best practices and standard operating policies to enhance risk and internal controls management and areas of the operations that could be shared for productivity and cost savings gains.

## FUTURE PROJECTS

### 1. Telipok project

Proposed 2,600 Units of Low Medium Cost Apartment (905 ft<sup>2</sup>) and 18 Units of Shoplots (1,460 ft<sup>2</sup>) consisting of 10 Blocks of 21-storey apartment, 3 blocks of 5-storey elevated carpark and Shoplots on 3 pieces of land with an area of 33.05 acres at Telipok which is approximately 28km from Kota Kinabalu City Centre.

The proposed development is expected to span over a period of 8 years and divided into 4 phases with an estimated Gross Development Value (“GDV”) of RM869 million.

The Development Plan (“DP”) of this project has been submitted on the 3 November 2016. At the moment we have obtained the rezoning approval from General Industrial (ING) to Medium Density Residential (R(b)) on the 30 January 2018. The DP has been forwarded to State Central Board for comments and approval on 12 March 2018.

### 2. Luyang project

Proposed 18-storey Residential Apartment at Luyang, Kota Kinabalu, Sabah consisting of 2 blocks of tower with 199 units of Apartments on 2.75 acres of land.

This land rezoning has been approved from High Density Residential, R(H) to Commercial Mixed Uses, M(U). We have resubmit to DBKK the previous Approved DP, changing the title from Proposed 18-Storey Residential Apartments to Proposed 18-Storey Serviced Suites (Commercial) dated 9 November 2017.

The proposed development will be a full service suites which come with full recreational facilities with a total built up area 588,887 ft<sup>2</sup> (excluding carpark). It is expected to span over 3 years with an estimated GDV of approximately RM343 million.

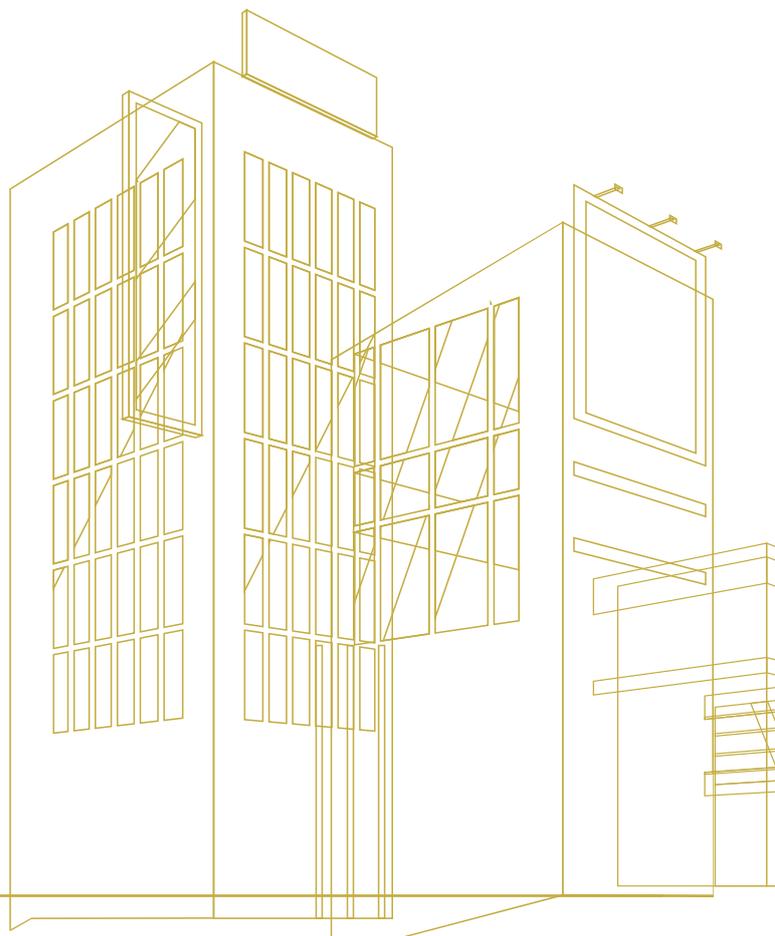
The development is still in the process of obtaining authorities approval for the change of title and usage and once it is approved, we will be able to submit the building plans and engineering drawing.

## REVIEW OF OPERATING ACTIVITIES

The Proposed Development located at Kepayan, Kota Kinabalu, also known as Idaman Residence, involves residential development of 228 condominium units, ground floor car park, open space and facilities deck with a total built-up area of about 280,048 square feet.

It is expected to span over a period of 3 years with an estimated GDV of approximately RM155 million.

Subject to obtaining the approvals from the relevant authorities and shareholders of Bertam Alliance, the Proposed Development is targeted to commence in 2018.



## FINANCIAL AND NON-FINANCIAL

The Group registered a revenue of RM145.2 million for the financial year ended 31 December 2017. Year-on-Year, the Group's revenue rose RM134 million from last financial year of RM11.3 million mainly contributed by the sale of lands.

The Group recorded a profit before tax of RM68.6 million for the financial year ended 31 December 2017 as compared to loss before tax of RM29.2 million in the previous year's corresponding period. The profit achieved was mainly due to the disposal of a land in Cheras. The Group's administrative expenses decreased by RM16.7 million to RM8.9 million from the previous financial year of RM25.6 million due to slower business activities during the year.

On 21 June 2017, Bertam Development Sdn Bhd, a wholly-owned subsidiary company of the Company has acquired SKB Pinang Sdn Bhd and Sumbang Merah Sdn Bhd.

Inventories have reduced from RM2.4 million in 2016 to RM1.3 million for the year 2017 attributed by sale of completed units.

Changes in Inventories are shown below:

Inventories:	2017		2016	
	Units	Amount	Units	Amount
		('000)		('000)
Pangsapuri Suria	-	-	3	975
Langkawi - Bungalow	1	707	2	909
Langkawi - Shoplot	1	552	2	552
	2	1,259	7	2,436

The Group borrowings as at 31 December 2017 consist of RM50.3 million of term loans and RM0.7 million of finance lease which 12% are long term payables.

The sale proceed collected from the sale of the 2 lands has been partially utilized for the loan repayment and the Group's cash and cash equivalents at the close of the financial year has increased by RM51.4 million to RM59.5 million as compared to RM8.1 million of the preceding year.

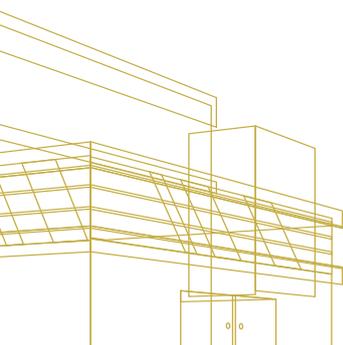


## HUMAN RESOURCES DEVELOPMENT

It is recognized that a sustainable organization requires not only skilled but driven, motivated and loyal employees. Bertam Alliance gives equal emphasis to the professional and personal development of our employees so as to ensure that they would be equipped to continuously contribute towards the growth and development of the organization operating in a fast-changing world of how businesses are done. Thus we actively provide opportunities for our employees to develop and realize their true potential and strength through formal and informal training whether through participation in internal or external continuing education programmes. We are also committed to affording, developing and retaining a talent pool that can be nurtured as the Group's potential future leaders.

Additionally, a competitive reward system, an employee loyalty annual award, social welfare activities that include both the employees and their immediate families are implemented with the aim of fostering better interactions, understandings and team spirit amongst the enlarged Bertam Alliance family.

At Bertam Alliance, we believe in the simple truth that an efficient, effective, knowledgeable and happy workforce forms the core of a successful organization.



## OUTLOOK AND FUTURE PROSPECTS

The Malaysian economy performed better than expected in 2017. Real GDP grew by 5.6%, year-on-year basis. The growth was primarily driven by domestic demand underpinned by strong growth in both consumption and investment. The International Monetary Fund (IMF) has raised Malaysia's GDP growth for 2017 to 4.8% from 4.5%, on the back of savvy economic management and commendable monetary policies.

However, the economy is still crowded by global uncertainty from nations in Middle East, Asia and Europe. Despite leading indicators such as Department of Statistics Malaysia's composite leading index, MIER Business Conditions Index and MIER Consumer Sentiment Index, point to continued expansion of the domestic economy, however, the expected and export-oriented indices worsened during the same period. It shows that businesses are still pessimistic about near-term prospects.

Businesses are observed to be very cautious about external development and putting more weight on domestic market. Consumers' confidence level continued to improve but consumers remained cautious in spending.

In the midst of rising costs due to inflation and the uncertainties in global economy coupled with the tighten lending conditions which affect property demand, the property market outlook is expected to remain challenging in the year ahead. Despite these challenges, the Group will continue to focus on the development of the affordable residential and commercial properties in Kota Kinabalu, Sabah over the next 3 years with the estimated Gross Development Value of approximately RM155 million.

The Group is currently looking into the Kepayan lands on development in residential and commercial properties, the proposals are currently in progress and pending approvals. The Group will take necessary steps for the developments of those lands in order to sustain the operation of the Group.



## 1. OBJECTIVE

This policy aims to outline the framework in promoting sustainability. In order to enhance stakeholders' perception and public trust towards the Group, the Board believes that attention shall be given to environmental, social and governance ("ESG") aspects of business which underpin sustainability and relate these aspects to the interests of the various stakeholders.

## 2. PRINCIPLES OF SUSTAINABILITY

At Bertam Alliance Berhad, we believe "Sustainability" is about respecting the limit of the planet by preserving and protecting the environment and natural resources and balancing the Environment, People and Profit. Therefore, we would take into consideration of the impacts of our business and management processes on these three elements and evaluate its magnitude before deciding on our course of action. In this respect, we are committed to:

- i. Continuously improving safety and health at our work place;
- ii. Ensuring compliance with regulatory requirements;
- iii. Reducing environment damages to the minimum;
- iv. Creating a happy and loving work place for our employees;
- v. Giving back to and serving the underprivileged and needy in the community that we operate;
- vi. Improving efficiency of materials, water, power and papers usages and reducing and recycling wastages; and
- vii. Practicing ethical and fair business principles and approaches.

## 3. BOARD'S RESPONSIBILITY

The governance responsibilities of the Board in respect of sustainability issues should include:

- i. Identify and priorities sustainability
- ii. Goals and targets;
- iii. Define sustainability, social and environment oversight responsibilities;
- iv. Include sustainability as part of Board agenda in risk management process;
- v. Define and agree on criteria to access feasibility of sustainability projects and initiatives;
- vi. Approve budget for sustainability initiatives;
- vii. Set management KPIs on sustainability;
- viii. Formalize sustainability reporting and communicate sustainability targets and metrics to stakeholders and;
- ix. Review result of assurance with management and identify areas for improvements.

## 4. MANAGEMENT'S RESPONSIBILITY

The main responsibilities of the management in sustainability management are:

- i. Ensure alignment of Group's sustainability initiatives with the company's overall strategy;
- ii. Identify resources that are essential to achieve sustainability goals. These include financial assets, property, employees, raw material, customers and intellectual property;
- iii. Clearly define persons-in-charge and their roles and responsibilities; update job descriptions and key performance index;
- iv. Assess feasibility of sustainability projects;
- v. Communicate sustainability targets and metrics in the annual report;
- vi. Co-operate with external verification and assurance providers;
- vii. Review key sustainability initiatives and recommend improvements; and
- viii. Report and recommend to the Board on the course of action needed promote sustainability in business.

## 5. CORPORATE DISCLOSURE REQUIREMENT

The Board shall ensure that the Group discloses its sustainability policy and their implementation in the corporate website and the annual report respectively.

## DATUK MOHAMED ARSAD BIN SEHAN

Aged 64, Malaysian, Male

- Chairman/Senior Independent Non-Executive Director
- Chairman of Nomination Committee
- Member of the Audit Committee
- Member of the Remuneration Committee (appointed on 8 December 2016)
- Appointed to the Board on 4 November 2014

**Datuk Mohamed Arsad** holds a Bachelor of Economics (Statistics) from University of Malaya.

Datuk Mohamed Arsad had a long career of 31 years, from 1978 to 2009, in the banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad (“Bank Rakyat”). At Bank Rakyat, he held various senior management positions including that of General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing and Division Head of Planning and Development and Corporate Services. He spent 7 years as the Managing Director and CEO of a private limited company dealing in the manufacture and supply of standby power systems on secondment from Bank Rakyat.

Currently Datuk Mohamed Arsad is the Executive Director of PureCircle Sdn Bhd, a Malaysian entity of the PureCircle Group, the world leading producer and supplier of high purity, high intensity natural sweeteners and flavours made from stevia plant.

He is also a Director of SYF Resources Berhad, the Chairman of the Board of Bank Rakyat Employees Co-operative Berhad and Chairman of Koperasi Kumpulan Professional Kuala Lumpur Berhad.

He does not hold any shares in the Company.

Datuk Mohamed Arsad attended all 5 Board meetings held in the financial year ended 31 December 2017.

## LIM NYUK FOH

Aged 53, Malaysian, Male

- Managing Director
- Appointed to the Board on 17 October 2014

**Lim Nyuk Foh** holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990, he founded Priceworth Industries Sdn Bhd, to undertake the sawmilling and timber extraction business. He has over 20 years of extensive experience in the timber industry.

He is the founder and the Managing Director of Priceworth International Berhad (“Priceworth”). He also sits on Board of several other private limited companies.

He is a major shareholder and has direct shareholdings of 49,023,100 ordinary shares in the Company.

Lim Nyuk Foh attended 4 out of 5 Board meetings held in the financial year ended 31 December 2017.

## CHIEW BOON CHIN

Aged 50, Malaysian, Male

- Executive Director (Re-designated on 8 December 2016)
- Member of the Audit Committee (Resigned on 8 December 2016)
- Member of the Remuneration Committee (Resigned on 8 December 2016)
- Member of the Nomination Committee (Resigned on 8 December 2016)
- Appointed to the Board on 14 July 2014

**Chiew Boon Chin** holds a Bachelor of Science Degree in Mathematics from University of Windsor, Ontario, Canada. He has various experiences in product branding and marketing.

He does not hold directorship in other public listed companies. He does not hold any shares in the Company.

Chiew Boon Chin attended all 5 Board meetings held in the financial year ended 31 December 2017.

## LIM SHAW KEONG @ ALFRED LIM

Aged 60, Malaysian, Male

- Independent Non-Executive Director
- Chairman of Audit Committee
- Chairman of Remuneration Committee
- Member of the Nomination Committee (appointed on 8 December 2016)
- Appointed to the Board on 14 July 2014

**Lim Shaw Keong @Alfred Lim** holds a Bachelor of Commerce from University of Canterbury, New Zealand. He is a Member of the Malaysian Institute of Accountants and Institute of Chartered Accountants of New Zealand. He is also a Fellow of the Chartered Taxation Institute of Malaysia.

He does not hold directorship in other public listed companies. He does not hold any shares in the Company.

Lim Shaw Keong @ Alfred Lim attended all 5 Board meetings held in the financial year ended 31 December 2017.

Lim Shaw Keong @ Alfred Lim is a Chartered Accountant with over 21 years of experience in one of the Big Four Accounting Firms and has served as a Director in Charge of one of its Sabah Offices. He has also more than 12 years' experience in the commercial sector with companies in variety of sectors.

## KOO JENN MAN

Aged 44, Malaysian, Male

- Non-Independent Non-Executive Director
- Member of the Audit Committee (appointed on 8 December 2016)
- Appointed to the Board on 8 May 2015

**Koo Jenn Man** graduated from the University of Otago, New Zealand with a Bachelor of Commerce majoring in Accountancy. He was admitted to the membership of the Malaysian Institute of Accountants and Chartered Institute of Management Accountants in 2000.

He is currently the Executive Director of PricewaterhouseCoopers and is responsible for overseeing the daily operations of the group and leading its Accounts and Finance Department.

He has direct shareholdings of 393,500 ordinary shares in the company.

He started his career as an audit assistant at PricewaterhouseCoopers, Kota Kinabalu in 1997. He was made a Senior Associate in 2000, a position he held for 3 years. In 2003, he joined PricewaterhouseCoopers, a public company listed on the Main Market that is involved in timber processing, log trading, shipyard, oil and gas.

Koo Jenn Man attended all 5 Board meetings held in the financial year ended 31 December 2017.

### Other Information on Directors

1. None of the Directors has any family relationship with any Director and/or major shareholder of the Company other than those as stated above.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted for offences within the past five (5) years other than traffic offences.

## CHAY WAI YEE

Aged 49, Malaysian, Female

### Chief Financial Officer

**Chay Wai Yee** is the member of Malaysian Institute of Accountants and member of CPA Australia. She has in total of 24 years working experience in the field of accounting, finance operations, tax compliance and planning and corporate finance. Prior to joining of the Group, she worked in various types of listed and private companies including

manufacturing, property investment, trading, investment holdings and others since year 1993.

She does not hold directorship in other public listed companies. She does not hold any shares in the Company.

#### Other Information on key senior management:

1. All the key senior management are Malaysian.
2. Saved for the above mentioned disclosure, none of the key senior management have any conflict of interest with the Company.
3. None of the key senior management has been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

# GROUP FINANCIAL HIGHLIGHTS

<b>Statements of Comprehensive Income (Financial Year Ended 31 December)</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Revenue	145,248	11,255	127,201	40,140	32,104
Earnings before interest, tax, depreciation and amortisation	70,421	(25,048)	18,625	2,330	5,255
Profit before tax	68,622	(29,178)	16,840	2,001	4,785
Income tax benefit	(5,819)	4,781	(5,102)	(1,649)	(1,156)
Profit net of tax, representing total comprehensive income for the year	62,803	(24,397)	11,738	352	3,629
Profit attributable to:					
Shareholders of the Company	62,806	(24,395)	11,813	353	3,680
Non- controlling interest	(3)	(2)	(75)	(1)	(51)
	62,803	(24,397)	11,738	352	3,629

<b>Statements of Financial Position (As At 31 December)</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<b>Total assets:</b>					
Non-current assets	91,040	88,991	85,299	81,577	74,383
Current assets	183,256	201,475	244,204	186,180	156,490
	274,296	290,466	329,503	267,757	230,873
<b>Total liabilities:</b>					
Current liabilities	61,772	79,811	61,936	36,782	29,813
Non-current liabilities	6,016	66,950	99,464	59,610	27,979
	67,787	146,760	161,400	96,392	57,792
<b>Net assets</b>	206,509	143,706	168,103	171,365	173,081
<b>Equity attributable to Shareholders of the Company:</b>					
Share capital	206,756	206,756	206,756	206,756	206,756
Reserves	(101)	(62,907)	(38,512)	(35,460)	(33,745)
	206,656	143,850	168,244	171,296	173,011
Non-controlling interest	(147)	(144)	(141)	69	70
<b>Total equity</b>	206,509	143,706	168,103	171,365	173,081
<b>Loans and borrowings:</b>					
Current	44,890	43,779	13,366	6,694	6,075
Non-current	5,429	65,558	90,521	51,615	21,345
	50,319	109,337	103,887	58,309	27,420

# GROUP FINANCIAL INDICATORS

## Profitability ratio (Financial Year Ended 31 December)

	2017	2016	2015	2014	2013
Gross Profit/(loss) margin (%)	52.74	-5.70	22.20	18.51	19.83
Net profit/(loss) margin (%)	43.24	-216.76	9.29	0.88	11.46
Return on assets	22.90	-8.40	3.59	0.13	1.59
Return on equity	30.39	-16.96	7.02	0.21	2.13

## Market value ratio (Financial Year Ended 31 December)

	2017	2016	2015	2014	2013
Earnings/(loss) per share (Sen)	30.38	-11.80	5.71	0.17	1.78
Net asset per share	1.00	0.70	0.81	0.83	0.84
Price earning (P/E) ratio	1.32	-5.17	8.93	388.24	37.08
Gross dividend per share	NA	NA	NA	NA	1.00
Gross dividend yield	NA	NA	NA	NA	1.52
*Share price as at financial year end	40	61	51	66	66

## Solvency ratio (Financial Year Ended 31 December)

	2017	2016	2015	2014	2013
Gearing ratio	0.24	0.76	0.62	0.34	0.16
Interest cover	61.51	-7.48	13.70	17.82	19.24

\*NA - Not Applicable

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries (“the Group”) in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders’ value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) to enhance business prosperity and maximize 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 2017 to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG 2017 throughout the financial year ended 2017 (“FY 2017”) pursuant to Rule 15.25 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The detailed application for each practice as set out in the MCCG2017 is disclosed in the Corporate Governance Report (“CG Report”) which is available at the Corporate’s website at [www.bertamalliance.com](http://www.bertamalliance.com).

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### Part I - Board Responsibilities

#### 1. Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aims, Values and Standards

The Board assumes full responsibilities of the overall performance of the Group. In discharging their fiduciary responsibilities, the board sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by management in the quarterly financial results and have full access to all operational information together with the explanation provided by management.

Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board’s decision-making process.

The Board has formalised its Board Charter (“the Charter”). The Charter sets out, among others, the roles and responsibilities of the Board, delegation of authorities, strategic and financial functions including risk management and internal controls, human resource, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and shareholders of the Company. Furthermore, the Board has formalised a corporate code of ethics. The Charter and Both Corporate Code of Ethics are made available to public at the Corporate’s website at [www.bertamalliance.com](http://www.bertamalliance.com).

Schedule of matters reserved for collective decision of the Board is also in place. This schedule of matter enables the Board to retain its authority of approval on significant matters such as the corporate exercises, award of material contract and acquisition and disposal of significant assets.

In enhancing stakeholders’ perception and public trust towards the conduct of the business, the Board recognises the importance of embracing aspects of environment, social and governance in conducting the Group’s business. The Company’s Sustainability Policy has been adopted which can be viewed from the Corporate’s website.

##### 1.1.1 Board Committee

The Board has established Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. In order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairmen of the respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees. The terms of reference of the Board Committees is published on the corporate website at [www.bertamalliance.com](http://www.bertamalliance.com) for shareholders’ reference.

The Nomination Committee is entrusted with the responsibility of proposing and making recommendation for any new nominees to the Board. However, the responsibility of the appointment would remain with the full Board.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I - Board Responsibilities (Cont'd)

#### 1. Board's Leadership on Objectives and Goals (Cont'd)

##### 1.2 The Chairman

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

##### 1.3 Chairman and Executive Directors

The roles and responsibilities of the Chairman and Executive Directors continue to be separated and the Chairman of the Board is an independent director. The Board has also appointed Datuk Mohamed Arsad bin Sehan as the Senior Independent Non-Executive Director of the Group whom concerns can be conveyed by the stakeholders and shareholders of the Company.

##### 1.4 Qualified and competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, 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 the 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.

##### 1.5 Access to information and advice

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. Management is invited to attend the Board and Audit Committee meetings to provide explanations to the Board on the operations of the Group. The Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board has unrestricted access to all information and assistance necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members can seek independent professional advice in discharging their responsibilities, at the expense of the Group.

#### 2. Demarcation of Responsibilities

##### 2.1 Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and nomination, roles and responsibilities and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Any subsequent amendments to the Board Charter can only be approved by the Board. The Board Charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the Corporate's website at [www.bertamalliance.com](http://www.bertamalliance.com).

#### 3. Good Business Conduct and Corporate Culture

##### 3.1 Code of Ethics

The Board has adopted a Code of Ethics which outlines their standards of ethical behaviour in discharging their duties and responsibilities. This Code aims to enhance the standard of corporate governance and behaviour as well as upholding the spirit of responsibility including social responsibility in line with prevailing legislation, regulations and guidelines.

The Board will review the Code of Ethics when necessary to ensure it remains relevant and appropriate. The Code of Ethics is available on the Corporate's website at [www.bertamalliance.com](http://www.bertamalliance.com).

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I - Board Responsibilities (Cont'd)

#### 3. Good Business Conduct and Corporate Culture (Cont'd)

##### 3.2 Whistle Blowing Policy and Procedures

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, malpractices involving the Company. However, the Board together with management has yet to develop formal policies and procedures on whistle blowing due to lack of resources and suitable personnel to oversee the whistle blowing function. The Board is always mindful of the importance of having formal whistle blowing policies as a way to create the conditions necessary for the effective management of whistle blowing and shall adopt a policy on whistle blowing as soon as practicable.

### Part II - Board Composition

#### 4. Board's objectivity

##### 4.1 Composition of the Board

The principle of the Board composition is to maintain effective size of the board that reflects its responsibilities, dynamic, the representatives of the interests of shareholders and promotes common purpose and sense of sharing among its members. It is important for the right board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of board members. Right composition is important in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of board members.

As the Board is supportive of the gender diversity policy. In considering the gender diversity in the Board, due consideration will be made by the Board in balancing its composition based on the need and suitability of the Group business environment and venture.

Presently, the Board is made up of one (1) Managing Director, one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Independent Non-Executive Director and one (1) Senior Independent Non-Executive Director, making up five (5) Board Members in total. Further information of the profiles of each director is presented on pages 12 to 13 of this Annual Report.

##### 4.2 Tenure of Independent Directors

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

##### 4.3 Policy of Independent Director

Currently, the Board does not have a policy on the tenure for Independent Directors. The Board is of the view that a term of more than nine (9) years may not necessary 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.

However, as recommended by the MCCG 2017, the tenure of an independent director should not exceed cumulative term of nine (9) years. 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.

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account of the individual Director's ability to exercise its independent judgment at all times and contribution to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

Based on the assessment carried out during the FY 2017, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. Each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II - Board Composition (Cont'd)

#### 4. Board's objectivity (Cont'd)

##### 4.4 Diverse Board and Senior Management Team

Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background.

##### 4.5 Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance although the Board has yet to establish any diversity policy. However, the Board will consider females onto the Board in due course to bring about a more diverse perspective.

##### 4.6 New Candidates for Board Appointment

In determining the process for the identification of suitable new candidates, the Nomination Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Board would consider to use independent search firms as one of the options in identifying suitable candidates for appointment of director in the future.

##### 4.7 Nomination Committee

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of 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.

The present members of the Nomination Committee are as follows:

Chairman - **Datuk Mohamed Arsad Bin Sehan** (Senior Independent Non-Executive Director)  
Member - **Lim Shaw Keong @ Alfred Lim** (Independent Non-Executive Director)

The terms of reference of the Nomination Committee is made available to public at the Corporate's website at [www.bertamalliance.com](http://www.bertamalliance.com).

#### 5. Overall Board Effectiveness

##### 5.1 Annual evaluation

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. 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 Nomination Committee in evaluating the performance of individual, including integrity, availability, meeting preparation and attendance, board participation, business planning contribution, public relation and teamwork are indicated in a set of questionnaires. Each of the Directors will perform a self assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2017, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II - Board Composition (Cont'd)

#### 5. Overall Board Effectiveness (Cont'd)

##### 5.2 Board Commitment

The fundamental of directors' commitment is devotion of time and continuous improvement of knowledge and skillsets. The Board meets on a quarterly basis with additional meetings convened as and when necessary, to review the financial performance of the Group, business ventures and developments, governance and compliance matters. Board papers are circulated to the Board members to provide the Directors with relevant and timely information for deliberation on issues and to ensure effective discussions and decision makings during Board meetings.

During the financial year, five (5) Board meetings were held. The details of attendance by the Board members in their respective positions during their tenure of office is as below.

Directors	Attendance
Datuk Mohamed Arsad Bin Sehan	5/5
Lim Nyuk Foh	4/5
Lim Shaw Keong @ Alfred Lim	5/5
Chiew Boon Chin	5/5
Koo Jenn Man	5/5
Lee Keh Ting (Resigned on 27 April 2017)	2/2
Yap Yee May (Resigned on 16 January 2017)	-

##### 5.3 Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Directors recognise the needs to attend trainings to enable the directors to discharge their duties effectively. During the year, the Directors have participated in relevant training programmes to enhance their skills and knowledge and to keep abreast with the relevant change in laws, regulations and business environment.

Following are the trainings attended by the present Directors during the financial year:

Directors	Training Attended	Duration (No. of Days)
Datuk Mohamed Arsad Bin Sehan	Breakfast Talk: MD & A Statement	1
	Employees Insurance Scheme Town House Session	1
	Universities' Industry's Innovation Solution Forum	1
	ACCA Annual Conference	1
Lim Nyuk Foh	Seminar Percukaian Kebangsaan 2017	1
Lim Shaw Keong @ Alfred Lim	Mastering GST Audits-A comprehensive Guide to preparing for GST audits and GST tax risks management	1
	Companies Act 2016 key revamp updates with tax planning elements	1
	Seminar Percukaian Kebangsaan 2017	1
	Budget and Tax Conference	0.5
Chiew Boon Chin	Take your Business to Greater Heights @ Tax Planning Ahead in Time	1
Koo Jenn Man	2018 Budget and Tax Conference	1
	Seminar Percukaian Kebangsaan 2017	1
	Withholding Tax - Law and Implications on Cross Border Transactions	1

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III – Remuneration

#### 6. Level and Composition of Remuneration

##### 6.1 Remuneration Policies and Procedures

The Board believes that Bertam should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise and the complexity of its operations. The said remuneration should also be in line with the business strategies and long-term objectives of Bertam.

##### 6.2 Remuneration Committee

The Board has set up a Remuneration Committee which comprises all Independent Non-Executive Directors in order to assist the Board in determining the Directors' remuneration. The present members of the Remuneration Committee are as follows:-

Chairman - **Lim Shaw Keong @ Alfred Lim** (Independent Non-Executive Director)  
 Member - **Datuk Mohamed Arsad Bin Sehan** (Senior Independent Non-Executive Director)

Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The remuneration of all the Board members are recommended by the Remuneration Committee for Board's approval during the financial year. Director is abstained from making decision on their own remuneration.

The terms of reference of the Remuneration Committee is made available to public at the Corporate's website at [www.bertamalliance.com](http://www.bertamalliance.com).

#### 7 Remuneration of Directors and Senior Management

##### 7.1 Details of Directors' Remuneration and Senior Management

The details of Director's remuneration are set out below:

	Non-Independent Executive Directors RM'000	Independent Non- Executive Directors RM'000	Non-Independent Non-Executive Director RM'000
Fees	84	96	36
Salaries and Other Emoluments	880	8	2
Total	964	104	38

\* Other emoluments include the meeting allowance for the Directors' attendance in Board and Board's Committee.

The Board feels that disclosure of total Director's remuneration in the above bandwidth is sufficient for security reasons.

##### 7.2 Remuneration of Top Five Senior Management

The remuneration paid to the top five senior management during the year analyzed into bands of RM50,000 is as follows:-

Range of Remuneration	Number of Senior Management
Below RM50,000	-
RM50,000 to RM100,000	3
RM100,001 to RM150,000	-
RM150,001 to RM200,000	2

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I – Audit and Risk Management Committee

#### 8.1 Chairman of Audit Committee

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

#### 8.2 Former Key Audit Partner

None of the Board member is the former key audit partner of the External Auditors and the Directors do not foresee any new appointment of former key audit partner to the Board. However, the Board will observe the cooling-off period before appointing the former key audit partner, if any.

#### 8.3 Assessment of Suitability and Independence of External Auditors

The Company has a policy for assessing the suitability and independence of External Auditors. The present External Auditors was engaged since the financial year ended 2015. The Audit Committee reviews the appointment, performance and remuneration of the External Auditors annually before recommending them to the Board to put forward to the shareholders for re-appointment in the AGM. The External Auditors affirmed their independence in accordance with the terms of all relevant professional and regulatory requirements to the Audit Committee during the presentation of their audit planning memorandum and the final audited report.

#### 8.4 Composition of the Audit Committee

The Audit Committee comprises three (3) Non-Executive Directors and two (2) of the AC members are Independent Directors. The present members of the Audit Committee are Lim Shaw Keong @ Alfred Lim (Chairman), Datuk Mohamed Arsad Bin Sehan and Koo Jenn Man.

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. One of the Audit Committee members is a member of the Malaysian Institute of Accountants. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report of the Annual Report.

There is non-audit service provided by the External Auditors of RM5,000 for review of Statement on Risk Management and Internal Control. The audit fees services provided by the External Auditors to the Group and the Company respectively for the financial year ended 31st December 2017 were as follows:

Fee Incurred	Audit Fee (RM'000)
The Company	70
The Group	187

The terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report.

### Part II – Risk Management and Internal Control Framework

#### 9. Effective Risk Management and Internal Control Framework

The Board acknowledges that risk management is an integral part of effective management practice. Risk is inherent in all business activities, but it is not the Group's objective to eliminate risk totally. The underlying risk management principle of the Group is to balance the cost and benefit of managing and treating risks. There is an on-going process in place to identify, evaluate, and manage the key risk faced by the Group and the Board reviews the key risk highlighted on a regular basis to ensure the relevant action is taken to mitigate the risk of the Group.

#### 10. Internal Audit Function

The Board has engaged a professional service provider to assume the Internal Audit Function of the Group. The Internal Auditors conducted regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews were reported to the Audit Committee directly by the Internal Auditors.

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

### Part I – Communication with Stakeholders

#### 11. Continuous Communication between Company and Stakeholders

The Board recognises that shareholder 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 corporate website is the primary medium in providing information to all shareholders and stakeholders.

##### 11.1 Corporate Disclosure

Corporate information is important for investors and shareholders. The Board is advised by management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the Listing Requirements on financial results and various announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa's website, the Board uses its corporate website to communicate, disseminate and provide further information and details on the governance reporting. Further, pursuant to Para 9.25 of the Listing Requirements, publication of those static and principal governance information such as charter and board committees' terms of reference are transferred from annual report to the Corporate's website in order to reduce dilution of impact of issues discussed in the annual report.

##### 11.2 Financial Reporting

The Board has the responsibility to ensure the Group's financial statements is presented with true and fair view and is complying with applicable financial reporting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, completeness and existence of disclosure and assessing the Group's financial position and performance.

### Part II – Conduct of General Meetings

General meetings are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

#### 12. Encourage Shareholder Participation at General Meetings

The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. Bertam Alliance has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

Despite the recommendation of Practice 12.3 of MCCG that the Company with large number of shareholders should have meetings in remote locations and in leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at the general meeting, the Board assessed and of the opinion that meetings in remote locations is not necessary and costly to the Company in view of the current numbers of shareholders of the Company.

In line with the Practice 12.3 of the MCCG in promoting electronic voting, as at the date of this Statement, the Board assessed and of the opinion that the electronic voting is not necessary and costly to the Board of the current number of shareholders of the Company and will consider adopting such recommendation when necessary.

##### 12.1 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.

## PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### 12. Encourage Shareholder Participation at General Meetings (Cont'd)

#### 12.2 Attendance of the Chair of the Board Committees at the AGM

The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

- i. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 2016 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and
- ii. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate system are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2017, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year.

### 2. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

### 3. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

On 26 May 2017, the Company obtained approval from the shareholders of the Company to enter into RRPT of a revenue or trading nature with persons who are consideration to be a "Related Party" as defined in Chapter 10 of the Listing Requirements.

There were no transactions entered into between the Bertam Group and the Related Parties during the financial year.

### 4. AUDIT AND NON AUDIT FEES

The audit fee incurred by the Company and the Group were RM70,000 and RM186,800 respectively.

The non-audit fees incurred by the Company during the financial year was RM5,000.

### 5. PROFIT GUARANTEE

There was no profit guarantee for the financial year.

## COMPOSITION OF AUDIT COMMITTEE

Name	Designation	Current Directorship
Lim Shaw Keong @ Alfred Lim	Chairman	Independent Non-Executive Director
Datuk Mohamed Arsad Bin Sehan	Member	Senior Independent Non-Executive Director
Koo Jenn Man	Member	Non-Independent Non-Executive Director

The Audit Committee is comprised of majority independent directors and has complied with the composition requirement of Audit Committee stipulated in the Para 15.09(1) of the Listing Requirements.

## TERMS OF REFERENCE

The Audit Committee is responsible amongst others, to review and monitor the system of internal control and audit process and to ensure that the Company's financial statements comply with applicable financial reporting standards as this is integral to the reliability of financial statements and also highlighting significant matters to the Board, which include significant judgment made by the management, significant and unusual events or transaction as well as how these significant matters are addressed.

The Audit Committee is governed by its terms of reference which will be periodically reviewed and updated.

## AUDIT COMMITTEE MEETING ATTENDANCE

The Audit Committee has convened five (5) meetings during the financial year ended 31 December 2017. All the meetings were attended by the members.

Name	Attendance
Lim Shaw Keong @ Alfred Lim	5/5
Datuk Mohamed Arsad Bin Sehan	5/5
Koo Jenn Man	5/5

## REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board of Directors through its Nomination Committee for the financial year ended 31 December 2017. The Audit Committee was assessed based on the following six key areas and the Board was satisfied that the Audit Committee had carried out its duties and functions in accordance with its terms of reference.

- i. Composition and quality
- ii. Process and procedures
- iii. Communications and information
- iv. Oversight of the financial reporting process including internal controls
- v. Oversight of audit functions
- vi. Financial literacy

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

The key activities undertaken by the Audit Committee during the financial year were summarised as follows:

### a. Financial Reporting

- Review of the unaudited quarterly financial results, cash flows and financial positions prior to submission to the Board for consideration and approval for announcement to Bursa Securities; and
- Review of annual audited financial statement for financial year ended 31 December 2017 and other significant accounting issues arising from statutory financial audit.

The key considerations by the Audit Committee in the deliberation of these financial statements were material changes, if any in the financial performance and whether the financial statements prepared by management complied with the financial reporting standards and treatments.

When reviewing the interim financial result in the quarterly meetings, the Executive Directors and Chief Financial Officer were invited to present in the meetings. During the deliberation, both Executive Directors and Chief Financial Officer had responded to the Audit Committee and provided their explanations.

When reviewing the audited accounts, the Audit Committee invited the External Auditors to attend and present their findings to the Audit Committee. A private session was also held separately with the External Auditors when finalising the year end audit.

### b. Internal Audit Function

- Review of internal audit reports and considered the findings and recommendations and management's response thereto.

Internal Auditors' findings are important for the Audit Committee to perform an objective and independent assessment on the state of risk management and internal control systems in the Group.

The Audit Committee had reviewed and approved the Internal Audit Plan to ensure that the direction of the audit is appropriate. Quarterly, during the presentation of the Internal Audit Report, the Audit Committee also discussed with the Internal Auditors, the progress and coverage of the audit plan.

When reviewing the Internal Audit reports, the Audit Committee had considered the impact of the audit issues on the effectiveness and adequacy of the present management systems of risk management and internal control. As part of this review process, management was invited to join the Audit Committee meetings and to provide their further comments to the audit findings and issues. This is to ensure that fair and balance views are considered for each audit issue.

### c. External Audit Function

- Review of External Auditor's Audit Planning Memorandum and issues arising from the statutory audit;
- Assess the suitability and independence of the External Auditors; and
- Conduct meeting with the External Auditors without the presence of the Executive Directors and management.

Before the commencement of the current financial yearend audit, the Audit Committee had reviewed and deliberated with the External Auditors, their audit planning memorandum and noted their audit risk areas, approaches and emphasis.

When reviewing the audit findings, the Audit Committee invited the External Auditors to present their audit findings. Also, a separate meeting without the presence of the management was held with the External Auditors to enable exchange of objective and independent comments as well as to enable the External Auditors to raise matters of concern which require the Audit Committee's attention.

During the year, the Audit Committee had also deliberated the performance, suitability and independence of the External Auditors.

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

### d. Disclosures

- Review of disclosures in Annual Report

Before finalising the various governance disclosures in the Annual Report, the Audit Committee had reviewed the Corporate Governance Statement, Audit Committee report, Statement on Risk Management and Internal Control before these statements are formally presented to the Board for publication in the Annual Report.

The Audit Committee was assisted by management and the Company Secretary when reviewing the disclosure in the Annual Report. In addition to the governance related statements and the financial report, other key sections reviewed by the Audit Committee include Notice of AGM, Corporate Information, Profile of Board of Directors and Additional Compliance Information.

### e. Related Party

- Quarter review of recurrent related party transactions (“RRPTs”)

One of the usual agenda in the Audit Committee meeting is confirming and considering related party transactions, if any. When transactions are made with related party, the Audit Committee will assess if these transactions are made on arm's length basis as well as in consultation with the Company Secretary, to ensure that the Bursa Securities listing requirements are followed and complied with.

## INTERNAL AUDIT FUNCTIONS

Bursa Securities Listing Requirements provide that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the Audit Committee.

The Group had outsourced this function to an GovernAce Advisory & Solutions Sdn. Bhd.. The outsourced Internal Auditor is led by a management team who are registered with professional bodies which comprised:

- a. Director – Accountants registered with Malaysian Institute of Accountants (“MIA”), Certified Practising Accountant with CPA Australia (“CPA”), Certified Internal Auditor (“CIA”) and a Chartered Member of Institute of Internal Auditors Malaysia (“CMIIA”).
- b. Manager – Associate Member of the IIAM

The primary responsibility of the internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control and procedures are effective and adequate. Further recommendations for improvement will be considered. Where necessary, in order to strengthen these systems and procedures and to foster a stronger management control environment.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, proposed internal audit plan is presented to the Audit Committee for deliberation and approval before internal audit reviews are carried out.

As during the financial year, there are project developments which are currently obtaining the approvals from the relevant authorities which cause the primary business to slow down. Thus, the Company has taken this year to strengthen the internal control process on key operating functions and procedures of the scopes of audit review carried out as per previous year's areas in land and projects, claims and expenses, stock and debtors in Kota Kinabalu.

For the coming year 2018, the Company has planned to conduct internal audit on human resource which includes recruitment, payroll, statutory compliance, policies, leave management etc. in human resource function.

The internal audit reports shall contain audit findings, recommendations and management's response, including target implementation dates, were circulated to all members of the Audit Committee. The internal audit reports will also provide to management to implement the corrective actions and follow-up reviews to ascertain the status of management's implementation of the recommended actions.

The proposed fee for the risk management and internal audit function in respect of the financial year ended 31 December 2017 was RM25,000 (2016: RM40,358).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysia Code on Corporate Governance provides that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group's assets.

Towards this end, the Board of Directors ("the Board") is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2017. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in accordance with the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guideline") endorsed by the Bursa Securities.

The Board is assisted by the Audit Committee to oversee the implementation of a system of risk management and internal controls. The Internal Risk Management Committee ("RMC"), led by the Managing Director and supported by the Head of Departments from all functions is established to assist the Audit Committee in overseeing the risk management issues of the Group and to report to the Audit Committee directly on the Group's overall co-ordination of risk management activity and ensuring that the necessary processes are in place.

## RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing significant risks facing the organization are embraced in the operating and business processes. These processes are driven by the Executive Directors and management in their course of work.

During the financial year, two risk assessment exercises were conducted. In these exercises, the Board have defined the Group updated risk profile and finalised as risk registers, the Group's present risk profile identified based on four (4) main factors such as strategic risk, operational risk, financial risk and compliance risk. In addition, the Board have identified areas of improvements to the Group, mainly are formalised risk management organization structure, policies and procedures.

There are four (4) main risk registers at the Group level covering the:

1. Delay in obtaining the necessary licenses/permits (e.g. developer's license, building plan approval, etc).
2. Difficulty in securing project financing.
3. Slowdown in the property market.
4. No track record in East Malaysia in project development.

## BOARD'S COMMITMENT AND RESPONSIBILITIES

The Board understands the principal risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control towards achieving its business objectives and operational efficiency.

Presently, the Board derives its comfort of the state of risk management and internal control of the Group from the following processes and information:

- Board discussions with management during the board meetings on business and operational issues as well as the measures taken by management to mitigate and manage risks associated with the business and operation issues;
- Delegation and separation of responsibilities between the Board and management. The Executive Directors report to the Board on the performance of the operations while the Board scrutinizes the management performance to ensure its effectiveness and objectivity;
- The Audit Committee reviews and discuss with the management on the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives;
- Legal advices are sought if needed to ensure that contractual risks are addressed and managed before entering into material contracts or agreements;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects; and

# Statement on Risk Management and Internal Control

## **BOARD'S COMMITMENT AND RESPONSIBILITIES (CONT'D)**

- The internal audit function assists the Audit Committee and the Board in conducting assessment on the internal control systems and the governance practices. The Internal Auditors conduct periodic reviews in accordance with the audit plan and scope approved by the Audit Committee.

Prior to finalisation of this Statement, the Board had reviewed the current Group Risk Policy which outlined the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a structured and documented risk management framework for the Group.

## **MANAGEMENT RESPONSIBILITIES AND ASSURANCE**

Management is responsible to the Board for identifying risks relevant to the business, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and risks that could significantly affect the Group's performance.

In producing this Statement, the Board has received assurance from Managing Director that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

## **BOARD ASSURANCE AND LIMITATION**

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the Annual Report. The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

## **REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS**

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 December 2017. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

Though RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control systems, it was reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of risk management and internal control of the Group.

# FINANCIAL STATEMENTS

**32**

Directors' Report

**36**

Independent  
Auditors' Report

**41**

Statements of  
Changes In Equity

**44**

Notes to The  
Financial Statements

**35**

Statement by  
Directors

**39**

Statements of  
Financial Position

**42**

Statements of Cash  
Flows

**35**

Statutory  
Declaration

**40**

Statement of Profit or  
Loss and Other  
Comprehensive Income



# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiary companies. The principal activities of its subsidiary companies 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 profit/(loss) for the financial year	62,802,912	(32,438,924)
Attributable to:		
Owners of the parent	62,806,128	(32,438,924)
Non-controlling interests	(3,216)	-
	62,802,912	(32,438,924)

## 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 Directors do not recommend any dividend in respect of the current financial year.

## ISSUE OF SHARES AND DEBENTURES

There were no issuances of shares or 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 during the financial year until the date of this report are:

Chiew Boon Chin*	
Datuk Mohamed Arsad Bin Sehan	
Koo Jenn Man	
Lim Nyuk Foh*	
Lim Shaw Keong @ Alfred Lim	
Yap Yee May	(resigned on 16.1.2017)
Lee Keh Ting	(resigned on 27.4.2017)

## DIRECTORS (CONT'D)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Gan Aik Hin<sup>^</sup>  
 Quek Lip Arl<sup>^</sup>  
 Tan Ka Wee<sup>^</sup>  
 Md Ismail Bin Dayat<sup>#</sup>  
 Norul Huda Binti Abu Bakar<sup>#</sup>  
 Pang En Chee<sup>#</sup>

\* *Director of the Company and its subsidiary companies*

<sup>^</sup> *Appointed during the financial year*

<sup>#</sup> *Resigned during the financial year*

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 subsidiary companies and made a part hereof.

## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			At 31.12.2017
	At 1.1.2017	Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Lim Nyuk Foh	49,023,100	-	-	49,023,100
Koo Jenn Man	393,500	-	-	393,500

By virtue of his interest in the shares of the Company, Lim Nyuk Foh is also deemed interested in the shares of all the subsidiary companies 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 Notes 24, 27 and 30 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 RM31,810 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## 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 amounts 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 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 their 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 EVENT

The details of significant event are disclosed in Note 35 to the financial statements.

## SUBSIDIARY COMPANIES

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

## AUDITORS' REMUNERATION

The details of auditors' remuneration are set out in Note 24 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 23 May 2018.

LIM NYUK FOH

CHIEW BOON CHIN

KUALA LUMPUR

# 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 39 to 87 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 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 23 May 2018.

**LIM NYUK FOH**

**CHIEW BOON CHIN**

KUALA LUMPUR

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, LIM NYUK FOH, being the Director primarily responsible for the financial management of Bertam Alliance Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 39 to 87 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 23 May 2018. )

**LIM NYUK FOH**

Before me,

No. W 710

**MOHAN A.S. MANIAM**

**COMMISSIONER FOR OATHS**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Bertam Alliance Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or 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 39 to 87.

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 2017, and of their financial performance and their cash flows for financial year then ended in accordance with 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 Requirements

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' Code of Ethics for Professional Accountants ("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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
<p><b>Winding-up Order on a major subsidiary company</b></p> <p>As disclosed in Note 34 to the financial statements, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company had been served with Winding-up Order by the High Court on 30 November 2017.</p> <p>BDSB and its subsidiary companies ("BDSB Group") has contributed at least 50% of the total assets employed of the Group. In view of the significance of BDSB Group, the Company was classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(c) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The winding up of BDSB requires significant judgments from the management on assessment if the Group has control in BDSB Group and continue to consolidate their financial results into the Group's consolidated financial statements, and the appropriateness of the Directors' assumptions on the going concern of the Group. Details in respect of the management judgments are disclosed in Note 2(b) to the financial statements.</p>	<p>Our procedures included:</p> <p>We have discussed with the management and reviewed the legal documentations and correspondences in relation to the progress and settlement of the material litigation led to the Winding-up Order. This includes the consensus reached between BDSB and the claiming party on the termination of the Winding-up Order upon full payment of amount claimed, and acknowledgment on payment received by the claiming party.</p> <p>We reviewed the legal opinion from the BDSB's solicitors in respect of the termination on the Winding-up Order by the Court upon full settlement of the amount claimed.</p> <p>We have assessed the 12-month cash flows forecast of the Group assuming the termination of Winding-up Order is successful, to justify the appropriateness of the going concern of the Group for the next 12 months.</p>

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### 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 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.

### 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 judgment 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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

- 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 finance 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.

### 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

KUALA LUMPUR

23 May 2018

#### NG LEONG TECK

Approved Number: 3168/12/19 (J)  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	10,022,094	10,339,672	8,969,553	9,206,797
Land held for property development	5	78,873,067	76,170,270	-	-
Investment in subsidiary companies	6	-	-	83,093,818	100,767,668
Goodwill on consolidation	7	89,534	89,534	-	-
Other investments	8	2,055,206	2,391,263	-	-
		91,039,901	88,990,739	92,063,371	109,974,465
<b>Current assets</b>					
Property development costs	9	105,063,454	104,021,909	-	-
Inventories	10	1,258,813	2,435,261	-	-
Trade and other receivables	11	14,573,671	20,484,327	65,439	38,532
Amount due from subsidiary companies	12	-	-	47,965,412	47,523,194
Tax recoverable		2,890,736	3,049,547	164,042	197,127
Deposits, cash and bank balances	13	59,469,586	8,135,907	42,147,715	377,323
		183,256,260	138,126,951	90,342,608	48,136,176
Assets held for sale	14	-	63,348,530	-	-
		183,256,260	201,475,481	90,342,608	48,136,176
<b>Total assets</b>		274,296,161	290,466,220	182,405,979	158,110,641
<b>EQUITY</b>					
Share capital	15	206,756,497	206,756,497	206,756,497	206,756,497
Reserves	16	(100,777)	(62,906,905)	(99,535,493)	(67,096,569)
Equity attributable to owners of the parent		206,655,720	143,849,592	107,221,004	139,659,928
Non-controlling interests		(146,765)	(143,549)	-	-
<b>Total equity</b>		206,508,955	143,706,043	107,221,004	139,659,928
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	17	5,428,772	65,558,065	5,428,772	5,918,608
Finance lease payable	18	586,733	670,335	-	-
Deferred tax liabilities	19	-	721,216	-	-
		6,015,505	66,949,616	5,428,772	5,918,608
<b>Current liabilities</b>					
Trade and other payables	20	14,066,792	35,340,263	510,409	343,934
Amount due to subsidiary companies	12	-	-	68,646,599	1,702,171
Amount due to directors	21	11,202	-	10,202	-
Loans and borrowings	17	44,889,899	43,779,240	486,000	10,486,000
Finance lease payable	18	188,401	163,223	-	-
Tax payables		2,615,407	527,835	102,993	-
		61,771,701	79,810,561	69,756,203	12,532,105
<b>Total liabilities</b>		67,787,206	146,760,177	75,184,975	18,450,713
<b>Total equity and liabilities</b>		274,296,161	290,466,220	182,405,979	158,110,641

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 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	22	145,248,001	11,255,072	2,792,642	3,198,657
Cost of sales		(68,637,052)	(11,896,868)	-	-
Gross (loss)/profit		76,610,949	(641,796)	2,792,642	3,198,657
Other income		2,052,030	540,765	1,556,391	38,467
Administrative expenses		(8,906,656)	(25,637,054)	(36,231,165)	(4,347,615)
<b>Profit/(Loss) from operation</b>		69,756,323	(25,738,085)	(31,882,132)	(1,110,491)
Finance costs	23	(1,134,069)	(3,439,841)	(453,799)	(1,560,760)
<b>Profit/(Loss) before taxation</b>	24	68,622,254	(29,177,926)	(32,335,931)	(2,671,251)
Taxation	25	(5,819,342)	4,781,249	(102,993)	150,000
<b>Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year</b>		62,802,912	(24,396,677)	(32,438,924)	(2,521,251)
<b>Profit/(Loss) for the financial year attributable to:</b>					
Owners of the parent		62,806,128	(24,394,495)	(32,438,924)	(2,521,251)
Non-controlling interests		(3,216)	(2,182)	-	-
		62,802,912	(24,396,677)	(32,438,924)	(2,521,251)
<b>Earnings/(Loss) per share</b>	26				
Basic and diluted (sen)		30.38	(11.80)		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to the Owners of the Parent					
	Non-distributable		(Accumulated Losses)/ Retained Earning RM	Total RM	Non- controlling Interests RM	Total Equity RM
	Share Capital RM	Other Reserve RM				
<b>Group</b>						
At 1 January 2016	206,756,497	(14,865,154)	(23,647,256)	168,244,087	(141,367)	168,102,720
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	(24,394,495)	(24,394,495)	(2,182)	(24,396,677)
At 31 December 2016/ 1 January 2017	206,756,497	(14,865,154)	(48,041,751)	143,849,592	(143,549)	143,706,043
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	62,806,128	62,806,128	(3,216)	62,802,912
At 31 December 2017	206,756,497	(14,865,154)	14,764,377	206,655,720	(146,765)	206,508,955

	Attributable to the Owners of the Parent		
	Non-distributable		Total Equity RM
	Share Capital RM	Accumulated Losses RM	
<b>Company</b>			
At 1 January 2016	206,756,497	(64,575,318)	142,181,179
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(2,521,251)	(2,521,251)
At 31 December 2016	206,756,497	(67,096,569)	139,659,928
At 1 January 2017	206,756,497	(67,096,569)	139,659,928
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(32,438,924)	(32,438,924)
At 31 December 2017	206,756,497	(99,535,493)	107,221,004

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash Flows From Operating Activities</b>				
Profit/(Loss) before taxation	68,622,254	(29,177,926)	(32,335,931)	(2,671,251)
Adjustments for:				
Bad debts written off	9,998	135,662	-	-
Deposits written off	16,636	1,800	-	-
Trade and other payables written back	(48,072)	-	-	-
Depreciation of property, plant and equipment	665,265	689,817	276,127	270,379
Gain on disposal of property, plant and equipment	(47,169)	(9,206)	-	-
Gain on disposal of assets held for sale	-	(994,000)	-	-
Loss on disposal of other investment	45,000	-	-	-
Impairment loss on:				
- investment in subsidiary companies	-	-	17,673,850	20,341
- land held for property development	-	13,060,616	-	-
- investment in quoted shares	255,247	875,133	-	-
- amount owing by subsidiary companies	-	-	14,645,786	-
- trade and other receivables	323,133	2,070,720	15,854	-
Interest expense	1,134,069	3,439,841	453,799	1,560,760
Interest income	(1,093,116)	(260,559)	(943,914)	(2,101)
Property, plant and equipment written off	993	123,615	-	98,044
Reversal of impairment losses on amount due from subsidiaries	-	-	(572,805)	-
Operating loss before working capital changes	69,884,238	(10,044,487)	(787,234)	(723,828)
Changes in working capital:				
Inventories	1,176,448	7,642,930	-	-
Property development costs	(1,446,940)	(3,155,896)	-	-
Trade and other receivables	5,561,334	50,288,639	(42,761)	72,286
Assets held for sale	67,221,357	-	-	-
Trade and other payables	(21,225,846)	(13,641,850)	166,475	(214,879)
	51,286,353	41,133,823	123,714	(142,593)
Cash (used in)/from operating activities	121,170,591	31,089,336	(663,520)	(866,421)
Interest received	1,093,116	260,559	943,914	2,101
Interest paid	(4,601,501)	(7,212,776)	(453,799)	(1,560,760)
Tax refund	147,372	6,215	35,204	-
Tax paid	(4,441,545)	(3,056,671)	(2,119)	(29,923)
	(7,802,558)	(10,002,673)	523,200	(1,588,582)
Net cash (used in)/from operating activities	113,368,033	21,086,663	(140,320)	(2,455,003)
<b>Cash Flows From Investing Activities</b>				
Addition to land held for property development	(2,702,797)	(32,689,454)	-	-
Acquisition of property, plant and equipment (Note4(d))	(243,881)	(502,548)	(38,883)	(502,548)
Acquisition of other investments	(5,190)	(153,896)	-	-
Advance to subsidiary companies	-	-	(14,515,199)	-
Proceeds from disposal of other investments	41,000	-	-	-
Proceeds from disposal of assets held for sales	-	3,500,000	-	-
Proceeds from disposal of property, plant and equipment	47,170	52,300	-	-
Net cash from/(used in) investing activities	(2,863,698)	(29,793,598)	(14,554,802)	(502,548)

# Statements of Cash Flows

## For The Financial Year Ended 31 December 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash Flows From Financing Activities</b>				
Repayment from subsidiary companies	-	-	66,944,428	13,720,208
Advance from directors	11,202	-	10,202	-
Increased of fixed deposit pledged	(10,033,368)	(5,037,134)	-	-
Repayment of term loans	(40,205,937)	(13,362,164)	(10,489,836)	(10,482,164)
Repayment of finance lease payables	(163,224)	(154,713)	-	-
Net cash (used in)/from financing activities	(50,391,327)	(18,554,011)	56,464,794	3,238,044
<b>Net increase/(decrease) in cash and cash equivalents</b>	60,113,008	(27,260,946)	41,770,392	280,493
<b>Cash and cash equivalents at the beginning of the financial year</b>	(16,900,208)	10,360,738	377,323	96,830
<b>Cash and cash equivalents at the end of the financial year</b>	43,212,800	(16,900,208)	42,147,715	377,323
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Fixed deposits with licensed banks	16,256,786	6,245,486	-	-
Cash and bank balances	43,212,800	1,890,421	42,147,715	377,323
Bank overdrafts	-	(18,812,697)	-	-
	59,469,586	(10,676,790)	42,147,715	377,323
Less: Fixed deposit pledged with licensed banks	(16,256,786)	(6,223,418)	-	-
	43,212,800	(16,900,208)	42,147,715	377,323

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

## 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 principal place of business of the Company is located at Unit 23-01, Level 23, Tower B, Vertical Business Suite, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to the subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies 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 Financial Reporting Standards ("FRSs") 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 amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014-2016 Cycle	Amendments to FRS 12

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and the Company, except for the adoption of the Amendments to FRS 107 required additional disclosure of changes in liabilities arising from financing activities in Note 28.

### Standards issued but not yet effective

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

	<b>Effective dates for financial periods beginning on or after</b>
Annual Improvements to FRSs 2014-2016 Cycle:	
• Amendments to FRS 1	1 January 2018
• Amendments to FRS 128	1 January 2018
FRS 9	1 January 2018
Amendments to FRS 2	1 January 2018
Amendments to FRS 140	1 January 2018
Amendments to FRS 4	1 January 2018*
IC Interpretation 22	1 January 2018
IC Interpretation 23	1 January 2019
Amendments to FRS 10 and FRS 128	Deferred until further notice

Note:

\* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective (Cont'd)

The Group's and the Company's financial statements for annual period beginning 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards issued by the MASB. As a result, the Group and the Company will not be adopting the above FRSS, Interpretations and amendments.

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company consider that they are achieving their schedule milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies of the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements.

The Directors expect the adoption of MFRS Framework will have no material impacts on the financial statements of the Group and the Company except as mentioned below:

#### MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 replaces the guidance in MFRS 139: *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities. Impairment of financial assets and on hedge accounting. MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to contract assets and financial assets measured at amortised cost or fair value through other comprehensive income, except for investment in equity instruments.

Under MFRS 9, loss allowances will be measured on either:

- 12 months ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that arise from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement is applied it at the reporting date, the credit risk of a financial asset has increased significantly since initial recognition while 12- month ECL measurement is applied if it has not. Any entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component and the Group has chosen to apply this policy.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018.

## 2. Basis of Preparation (Cont'd)

- (a) Statement of compliance (Cont'd)

### Standards issued but not yet effective (Cont'd)

#### **New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)**

##### MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively. The Group and the Company will apply the exemption of not restating comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 will be recognised in retained profits as at 1 January 2018.

Based on the preliminary assessment, the Group and the Company do not believe that the new classification requirements will have a material impact on its accounting for financial assets and financial liabilities. Furthermore, impairment losses arising from the new ECL model is estimated to not have a significant impact to the Group and to the Company.

##### MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after on 1 January 2018)

MFRS 15 replaces the guidance in MFRS 111: *Construction Contracts*, MFRS 118: *Revenue*, IC Interpretation 13: *Customer Loyalty Programmes*, IC Interpretation 15: *Agreements for Construction of Real Estate*, IC Interpretation 18: *Transfers of Assets from Customers* and IC Interpretation 131: *Revenue - Barter Transactions involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Group and the Company decide to apply MFRS 15 retrospectively with cumulative effect on initially applying this standard as an adjustment to the opening balance of retained profits of the annual reporting period that includes the date of initial application. Under this transition method, the Group and the Company apply this standard retrospectively only to revenue contracts that are not completed at the date of initial application (i.e. 1 January 2017).

Based on the preliminary assessment, the Group and the Company do not expect that the application of MFRS 15 will have a significant impact on the financial instruments upon initial application except for the determination of transaction price of revenue contracts whereby variable consideration is deducted from the contract value as well as extensive new disclosures in the financial statements for the year ending 31 December 2018.

##### MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of lease differently.

The impact of the new MFRSs on the financial statements of the Group and of the Company are currently being assessed by management.

## 2. Basis of Preparation (Cont'd)

### (b) Basis of measurement

As disclosed in Note 34 to the financial statements, Bertam Development Sdn. Bhd. (“BDSB”), a wholly-owned subsidiary company of the Company had been served with Winding-up Order by the High Court on 30 November 2017.

As disclosed in Note 35 to the financial statements, the Company was classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(c) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Company are prepared on a going concern basis as the Directors opined that the Company has control in BDSB and its subsidiary companies (“BDSB Group”) as the Winding-up Order is transitory. Based on a 12-month cash flow forecast after the full payment made for settlement of the litigation case prepared by management supporting the assertion that the Group and the Company will have sufficient resources to continue as a going concern for the next 12 months from the end of the financial year. Therefore, it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis.

On 21 May 2018, BDSB’s solicitors had withdrawn the appeal in the Court of Appeal after BDSB has made full payment of all proof of debts to the claiming party.

As at date of this report, BDSB’s solicitor in the midst of applying to the Court pursuant to Section 493 of the Companies Act, 2016 to terminate the Winding-up Order. Accordingly, the Company continue to consolidate BDSB Group’s financial results into the Group’s consolidated financial statements.

### (c) Functional and presentation currency

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

### (d) Significant accounting judgments, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgments, 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.

#### Judgments

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements except as disclosed in Note 2(b) to the financial statements.

#### 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 of property, plant and equipment

The Group regularly review the estimated useful lives of property, plant and equipment 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 would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

## 2. Basis of Preparation (Cont'd)

- (d) Significant accounting judgments, estimates and assumptions (Cont'd)

### **Key sources of estimation uncertainty (Cont'd)**

#### Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

#### Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgment is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 9.

#### 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. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 19.

#### Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11 and 12 respectively.

#### Income taxes

Judgment 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 recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax 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 2017, the Group has tax recoverable and payable of RM2,890,736 (2016: RM3,049,547) and RM2,615,407 (2016: RM527,835) respectively. The Company has tax recoverable and payable of RM164,042 (2016: RM197,127) and RM102,993 (2016: Nil).

#### Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's View of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 29.

## 2. Basis of Preparation (Cont'd)

- (d) Significant accounting judgments, estimates and assumptions (Cont'd)

### Key sources of estimation uncertainty (Cont'd)

#### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

#### Fair value 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 32(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.

## 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 unless otherwise stated.

- (a) Basis of consolidation

- (i) Subsidiary companies

Subsidiary companies 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. Subsidiary companies 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 company 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.

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 to the reporting period in which the combinations 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.

## 3. Significant Accounting Policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (i) Subsidiary companies (Cont'd)

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 instruments and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is 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, the accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies 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(k) to the financial statements on impairment of non-financial assets.

#### (ii) Changes in ownership interests in subsidiary companies 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 company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

#### (iv) Goodwill on consolidation

The excess of the aggregate 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 Group's share 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 company acquired (i.e. 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(k) to the financial statements on impairment of non-financial assets.

### 3. Significant Accounting Policies (Cont'd)

#### (b) Property, plant and equipment

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

##### (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 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 of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term 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:

Leasehold buildings	2%
Furniture, fittings and office equipment	10%-20%
Motor vehicles	20%
Renovation	10%
Tools and equipment	10%

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.

## 3. Significant Accounting Policies (Cont'd)

### (c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### As lessee

#### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

#### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

### (d) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Financial assets (Cont'd)

##### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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 or sales of financial assets are recognised and 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 when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### (e) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

##### (i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables, amounts due to subsidiary companies and directors are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## 3. Significant Accounting Policies (Cont'd)

### (e) Financial liabilities (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:  
(Cont'd)

#### (ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract 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.

#### (f) 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.

#### (g) Inventories

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

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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.

#### (h) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

#### (i) Property development activities

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

**3. Significant Accounting Policies (Cont'd)****(i) Property development activities (Cont'd)**

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

**(j) 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.

**(k) 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.

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, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount 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.

## 3. Significant Accounting Policies (Cont'd)

### (k) Impairment of assets (Cont'd)

#### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

#### Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

#### Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### (l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets 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.

**3. Significant Accounting Policies (Cont'd)****(m) Provisions**

Provisions are recognised when there is a present legal or constructive obligation 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.

**(n) 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. Short term accumulating compensated absences such as paid annual leave are 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 contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

**(o) Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

**(i) Sale of properties**

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 3(i) to the financial statements.

Revenue from sale of completed property units is recognised upon the transfer of risk and rewards.

**(ii) Project management, administrative services and support service**

Revenue from project management, administrative services and support service is recognised when the service has been rendered and accounted for on accrual basis.

**(iii) Interest income**

Interest income is recognised on accruals basis using the effective interest method.

**(iv) 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.

### 3. Significant Accounting Policies (Cont'd)

#### (p) 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 their 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.

#### (q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for 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.

#### (r) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

**3. Significant Accounting Policies (Cont'd)**

## (s) 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.

## (t) 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.

## (u) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

**4. Property, Plant and Equipment**

	Leasehold buildings RM	Furniture, fittings, office equipment and signboard RM	Motor vehicles RM	Renovation RM	Tools and Equipment RM	Total RM
<b>Group</b>						
<b>2017</b>						
<b>Cost</b>						
At 1 January 2017	8,646,720	593,042	1,981,835	810,082	-	12,031,679
Additions	-	34,502	299,675	12,617	1,887	348,681
Disposal	-	-	(181,642)	-	-	(181,642)
Written off	-	(3,310)	-	-	-	(3,310)
At 31 December 2017	8,646,720	624,234	2,099,868	822,699	1,887	12,195,408
<b>Accumulated depreciation</b>						
At 1 January 2017	216,168	203,331	1,174,746	97,762	-	1,692,007
Charge for the financial year	172,934	89,700	321,250	81,192	189	665,265
Disposal	-	-	(181,641)	-	-	(181,641)
Written off	-	(2,317)	-	-	-	(2,317)
At 31 December 2017	389,102	290,714	1,314,355	178,954	189	2,173,314
<b>Carrying amount</b>						
At 31 December 2017	8,257,618	333,520	785,513	643,745	1,698	10,022,094

# Notes to the Financial Statements

## 4. Property, Plant and Equipment (Cont'd)

	Leasehold buildings RM	Furniture, fittings, office equipment and signboard RM	Motor vehicles RM	Renovation RM	Total RM
<b>Group</b>					
<b>2016</b>					
<b>Cost</b>					
At 1 January 2016	8,646,720	507,124	2,114,290	589,832	11,857,966
Additions	-	163,393	-	339,155	502,548
Disposal	-	-	(132,455)	-	(132,455)
Written off	-	(77,475)	-	(118,905)	(196,380)
At 31 December 2016	8,646,720	593,042	1,981,835	810,082	12,031,679
<b>Accumulated depreciation</b>					
At 1 January 2016	43,233	170,345	916,979	33,759	1,164,316
Charge for the financial year	172,935	89,255	347,128	80,499	689,817
Disposal	-	-	(89,361)	-	(89,361)
Written off	-	(56,269)	-	(16,496)	(72,765)
At 31 December 2016	216,168	203,331	1,174,746	97,762	1,692,007
<b>Carrying amount</b>					
At 31 December 2016	8,430,552	389,711	807,089	712,320	10,339,672

	Leasehold buildings RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Company</b>				
<b>2017</b>				
<b>Cost</b>				
At 1 January 2017	8,646,720	282,982	594,804	9,524,506
Additions	-	26,265	12,618	38,883
At 31 December 2017	8,646,720	309,247	607,422	9,563,389
<b>Accumulated depreciation</b>				
At 1 January 2017	216,168	46,950	54,591	317,709
Charge for the financial year	172,934	43,502	59,691	276,127
At 31 December 2017	389,102	90,452	114,282	593,836
<b>Carrying amount</b>				
At 31 December 2017	8,257,618	218,795	493,140	8,969,553
<b>2016</b>				
<b>Cost</b>				
At 1 January 2016	8,646,720	135,767	368,647	9,151,134
Additions	-	163,393	339,155	502,548
Written off	-	(16,178)	(112,998)	(129,176)
At 31 December 2016	8,646,720	282,982	594,804	9,524,506
<b>Accumulated depreciation</b>				
At 1 January 2016	43,233	23,929	11,300	78,462
Charge for the financial year	172,935	39,035	58,409	270,379
Written off	-	(16,014)	(15,118)	(31,132)
At 31 December 2016	216,168	46,950	54,591	317,709
<b>Carrying amount</b>				
At 31 December 2016	8,430,552	236,032	540,213	9,206,797

**4. Property, Plant and Equipment (Cont'd)**

- (a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 17 is as follows:

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Leasehold buildings	8,257,618	8,430,552

- (b) The remaining leasehold period of the buildings is 89 years (2016: 90 years).

- (c) Assets held under finance leases

The carrying amount of motor vehicles of the Group acquired under finance lease arrangements are RM539,790 (2016: RM770,273).

Leased assets are pledged as security for the related finance lease liabilities.

- (d) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and of the Company during the financial year under finance lease financing and cash payments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Aggregate cost	348,681	502,548	38,883	502,548
Less: Finance lease financing	(104,800)	-	-	-
Cash payments	243,881	502,548	38,883	502,548

**5. Land Held for Property Development**

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Development costs RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>At cost</b>				
At 1 January 2017	73,312,064	-	2,858,206	76,170,270
Additions	1,031,928	-	1,670,869	2,702,797
At 31 December 2017	74,343,992	-	4,529,075	78,873,067
At 1 January 2016	42,955,899	28,537,048	-	71,492,947
Additions	30,165,571	323,568	2,200,315	32,689,454
Impairment losses recognised	-	(13,060,616)	-	(13,060,616)
Reclassification from property development costs (Note 9)	47,739,124	-	657,891	48,397,015
Transfer to assets held for sale (Note 14)	(47,548,530)	(15,800,000)	-	(63,348,530)
At 31 December 2016	73,312,064	-	2,858,206	76,170,270

Certain freehold land is registered under the name of third parties.

## 6. Investment in Subsidiary Companies

	Company	
	2017 RM	2016 RM
<b>In Malaysia</b>		
<b>At cost</b>		
Unquoted shares	111,506,990	111,506,990
<b>Accumulated impairment losses</b>		
Balance at beginning of financial year	(27,152,059)	(27,131,718)
Impairment loss during the financial year	(17,673,850)	(20,341)
Balance at end of financial year	(44,825,909)	(27,152,059)
	66,681,081	84,354,931
Discount on loans to subsidiaries	16,412,737	16,412,737
	83,093,818	100,767,668

Due to declining business operations of certain subsidiary companies, the Company carried out a review of the recoverable amounts. The recoverable amounts are estimated based on fair value less costs of disposal of RM66,681,081 (2016: RM84,354,931). An impairment loss amounting to RM17,673,850 (2016: RM20,341) was recognised during the financial year.

The fair values are within level 3 of the fair value hierarchy. The fair values have been derived using the adjusted net asset valuation techniques by reference to the fair value of its assets and liabilities.

Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation	Equity interest		Principal activities
		2017 %	2016 %	
<b>Held by the Company:</b>				
UH Industries & Development Sdn. Bhd.	Malaysia	100	100	Property development and provision of project management and administrative services
UH Capital Sdn. Bhd.	Malaysia	100	100	Property development
Bertam Development Sdn. Bhd.	Malaysia	100	100	Property development, investment holding and general contractors
Budaya Identiti Sdn. Bhd.	Malaysia	100	100	Property and plantation development
Syarikat Sungei Buan Sendirian Berhad	Malaysia	100	100	Property development
Dove Industries Sdn. Bhd.	Malaysia	100	100	Property development
UH Trading (Johore) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
UH Trading (Melaka) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
UH Trading (K.L.) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Bertam Minetech Sdn. Bhd.	Malaysia	100	100	Property development
<b>Subsidiary companies of Bertam Development Sdn. Bhd.</b>				
Sunrise Avenue Sdn. Bhd.	Malaysia	100	100	Property development
Sepakat Heights Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Serimaju Sdn. Bhd.	Malaysia	100	100	Property development
Trans Prestasi Sdn. Bhd.	Malaysia	100	100	Property development
Gunung Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Antara Megah Sdn. Bhd.	Malaysia	100	100	Property development
Legacy Mega Development Sdn. Bhd.	Malaysia	100	100	Property development
Budi Halus Sdn. Bhd.	Malaysia	100	100	Property development, and general contractors
Sunrise Teamtrade Sdn. Bhd.	Malaysia	51	51	Property development
Wow Land Sdn. Bhd.	Malaysia	100	100	Property development
SKB Pinang Sdn. Bhd.	Malaysia	100	-	Property development
Sumbang Merah Sdn. Bhd.	Malaysia	100	-	Property development

**6. Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of companies	Country of incorporation	Equity interest		Principal activities
		2017 %	2016 %	
<b>Subsidiary companies of Antara Megah Sdn. Bhd.</b>				
Tabur Bakti Sdn. Bhd.	Malaysia	100	100	Property development
Suria Pertiwi Sdn. Bhd.	Malaysia	100	100	Property development
<b>Subsidiary company of Syarikat Sungei Buan Sendirian Berhad</b>				
MV Properties Sdn. Bhd.	Malaysia	100	100	Property development

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

Acquisition of subsidiary companyDuring the financial year

On 21 June 2017, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company has subscribed 1 each ordinary share, representing 100% equity interest in SKB Pinang Sdn. Bhd. ("SKBPSB") and Sumbang Merah Sdn. Bhd. ("SMSB") with cash subscription of RM1 each. Subsequently, SKBPSB and SMSB become wholly-owned subsidiary companies of BDSB.

The effect of acquisition of the subsidiary companies did not have any material effect on the financial results and position of the Group.

In previous financial year

On 8 August 2016, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company acquired 100 ordinary shares of RM1.00 each, representing 100% equity interest in Wow Land Sdn. Bhd. ("WLSB") for a total cash consideration of RM200,000 from third parties. Since then, WLSB becomes a wholly-owned subsidiary company of BDSB.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	<b>Group 2016 RM</b>
Cash consideration paid	200,000

Fair value of identifiable assets acquired and liabilities assumed

	<b>Group 2016 RM</b>
Property development cost	1,284,742
Other receivables	50,596
Cash and bank balances	779
Other payables	(1,225,651)
Total identifiable assets and liabilities	110,466

## 6. Investment in Subsidiary Companies (Cont'd)

### Acquisition of subsidiary company (Cont'd)

Net cash outflow arising from acquisition of subsidiary company

	<b>Group 2017 RM</b>
Purchase consideration settled in cash	(200,000)
Cash and bank balances acquired	779
	<u>(199,221)</u>

Goodwill arising from business combination

	<b>Group 2017 RM</b>
Fair value of consideration transferred	200,000
Fair value of identifiable assets acquired and liabilities assumed	(110,466)
Goodwill on consolidation (Note 7)	<u>89,534</u>

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary company into the Group's existing business.

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary company has contributed RM8,784 to the Group's loss for the year. If the combination had taken place at the beginning of the financial year, the Group's loss for the financial year from its continuing operations would have been RM17,474.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for subsidiary company which is not wholly-owned by the Company, non- controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary company and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

## 7. Goodwill on Consolidation

	<b>2017 RM</b>	<b>Group 2016 RM</b>
<b>Cost</b>		
At 1 January	92,814	3,280
Acquisition of a subsidiary company (Note 6)	-	89,534
At 31 December	<u>92,814</u>	<u>92,814</u>
<b>Accumulated impairment</b>		
At 1 January / 31 December	<u>3,280</u>	<u>3,280</u>
<b>Carring amounts</b>	<u>89,534</u>	<u>89,534</u>

### Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development.

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the financial year was determined based on a value-in-used calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGUs").

## 8. Other Investments

	Group	
	2017 RM	2016 RM
<b>Quoted investments in Malaysia, at fair value</b>		
- shares	4,506,238	4,506,238
- unit trust fund	159,086	153,896
	4,665,324	4,660,134
<b>Less : Accumulated impairment loss on quoted shares</b>		
At 1 January	2,354,871	1,479,738
Addition	255,247	875,133
At 31 December	2,610,118	2,354,871
	2,055,206	2,305,263
Total investment in financial assets	2,055,206	2,305,263
Club membership	-	86,000
Total investments	2,055,206	2,391,263
<b>Market Value of quoted investments</b>	2,055,206	2,305,263

During the financial year, the Group recognised an impairment loss of RM255,247 (2016: RM875,133) for quoted equity instruments classified as available-for-sale financial asset as there were significant a decline in the fair value of the investment below their cost.

During the financial year, a subsidiary company disposed of the investment in club membership for cash consideration of RM41,000. As a result, a loss of RM45,000 was recognised in statements of profit or loss and other comprehensive income.

## 9. Property Development Costs

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>2017</b>			
<b>Property development costs</b>			
At 1 January 2017	89,436,520	16,637,046	106,073,566
Additions	-	4,914,370	4,914,370
Reclassification to assets held for sale (Note 14)	(5,924,482)	-	(5,924,482)
At 31 December 2017	83,512,038	21,551,416	105,063,454
<b>Costs recognised in profit or loss</b>			
At 1 January 2016			(2,051,657)
Reversal upon disposal of land			2,051,657
At 1 January 2017 / 31 December 2017			-
<b>Property development costs at 31 December 2017</b>			105,063,454

## 9. Property Development Cost (Cont'd)

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
<b>2016</b>				
<b>Property development costs</b>				
At 1 January 2016	47,739,124	89,436,520	10,366,106	147,541,750
Additions	-	-	5,644,089	5,644,089
Acquisition of a subsidiary company	-	-	1,284,742	1,284,742
Reclassification to land held for property development (Note 5)	(47,739,124)	-	(657,891)	(48,397,015)
At 31 December 2016	-	89,436,520	16,637,046	106,073,566
<b>Costs recognised in profit or loss</b>				
At 1 January 2016 / 31 December 2016				(2,051,657)
<b>Property development costs at 31 December 2016</b>				<b>104,021,909</b>

The freehold and leasehold land under development have been pledged as security for banking facilities granted to the Group as disclosed in Note 17.

The remaining leasehold period of the leasehold land ranged from 39 to 906 years (2016: 40 to 907 years).

Include in the property development costs for the financial year are as follows:

	Group	
	2017 RM	2016 RM
Term loan interests	3,467,432	3,772,935

## 10. Inventories

	Group	
	2017 RM	2016 RM
<b>Cost</b>		
Completed properties	1,258,813	2,435,261
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	1,266,566	975,000

## 11. Trade and Other Receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Trade receivables</b>				
Third parties	5,325,500	29,262,229	-	-
Less: Accumulated impairment losses	(2,060,296)	(20,688,484)	-	-
Trade receivables, net	3,265,204	8,573,745	-	-

## 11. Trade and Other Receivables (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Other receivables</b>				
Sundry receivables	5,072,109	4,767,032	33,375	11,979
Prepayments	119,261	3,907,670	24,989	3,875
Refundable deposits	6,442,949	3,310,931	22,929	22,678
	11,634,319	11,985,633	81,293	38,532
Less: Accumulated impairment losses				
Sundry receivables	(325,852)	(75,051)	(15,854)	-
Other receivables, net	11,308,467	11,910,582	65,439	38,532
Total trade and other receivables	14,573,671	20,484,327	65,439	38,532

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2016: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2017 RM	2016 RM
At 1 January	20,688,484	18,674,581
Impairment losses recognised	7,279	2,047,351
Amount written off	(18,635,467)	(33,448)
At 31 December	2,060,296	20,688,484

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	155,779	29,175
Past due not impaired:		
Less than 30 days	8,536	8,940
31 to 60 days	7,843	398,735
61 to 90 days	8,536	43
more than 90 days	3,084,510	8,136,852
	3,109,425	8,544,570
	3,265,204	8,573,745
Impaired	2,060,296	20,688,484
	5,325,500	29,262,229

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2017, trade receivables of RM3,109,425 (2016: RM8,544,570) 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 RM2,060,296 (2016: RM20,688,484) related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

## 11. Trade and Other Receivables (Cont'd)

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	75,051	51,682	-	-
Impairment losses recognised	315,854	23,369	15,854	-
Amount written off	(65,053)	-	-	-
At 31 December	325,852	75,051	15,854	-

## 12. Amount Due from/(to) Subsidiary Companies

	Company	
	2017 RM	2016 RM
<b>Amount due from subsidiary companies</b>		
<u>Non-trade related</u>		
Non-interest bearing	113,520,639	99,005,440
Less: Accumulated impairment losses	(65,555,227)	(51,482,246)
	47,965,412	47,523,194
<b>Amount due to subsidiary companies</b>		
<u>Non-trade related</u>		
Non-interest bearing	68,646,599	1,702,171

Movements in the allowance for impairment loss are as follows:

	Company	
	2017 RM	2016 RM
At 1 January	51,482,246	51,482,246
Impairment losses reversed	(572,805)	-
Impairment loss recognised	14,645,786	-
At 31 December	65,555,227	51,482,246

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

During the financial year, the Company has recognised an impairment loss of RM14,645,786 (2016: Nil) on amount due from subsidiary companies after carry out a review of the recoverable amounts. The recoverable amounts are estimated based on fair value less costs of disposal of RM65,555,227 (2016:RM 51,482,246).

The fair values are within level 3 of the fair value hierarchy. The fair values have been derived using the adjusted net asset valuation techniques by reference to the fair value of its assets and liabilities.

## 13. Deposits, Cash and Bank Balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	43,212,800	1,890,421	42,147,715	377,323
Fixed deposits with licensed banks	16,256,786	6,245,486	-	-
	59,469,586	8,135,907	42,147,715	377,323

## 13. Deposits, Cash and Bank Balances

Included in the cash at bank of the Group is an amount of RM686 (2016: RM5,617) held under Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Included in fixed deposits with licensed banks amounting to RM16,256,786 (2016: RM6,223,418) which are pledged as security for bank borrowing as disclosed in Note 17 and bank guarantees granted in favour of authorities in connection with property development and construction contracts activities.

Deposits of the Group have maturity periods ranging from overnight to 12 months (2016: overnight to 12 months).

## 14. Assets Held for Sale

	Freehold land RM	Leasehold land RM	Total RM
<b>Group</b>			
<b>2017</b>			
At 1 January 2017	47,548,530	15,800,000	63,348,530
Reclassification from property development costs (Note 9)	-	5,924,482	5,924,482
Disposals	(47,548,530)	(21,724,482)	(69,273,012)
At 31 December 2017	-	-	-
<b>2016</b>			
At 1 January 2016	2,506,000	-	2,506,000
Reclassification from land held for property development (Note 5)	47,548,530	15,800,000	63,348,530
Disposals	(2,506,000)	-	(2,506,000)
At 31 December 2016	47,548,530	15,800,000	63,348,530

- (a) On 15 August 2015, a subsidiary company, UH Industries & Development Sdn. Bhd. entered into a sale and purchase agreement to dispose of a piece of vacant agricultural land held under freehold individual title for cash consideration of RM3,500,000. The disposal has been completed on 21 June 2016 and as a result, a gain of RM994,000 was recognised in the consolidated statements of profit or loss and other comprehensive income for financial year ended 31 December 2016.
- (b) On 5 July 2016, a subsidiary company, MV Properties Sdn. Bhd. entered into a sale and purchase agreement to dispose of two parcels of freehold land held under Geran Mukim 563, Lot 809 and Geran Mukim 415, Lot 810, both located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor for total cash consideration of RM128,000,000. The disposal has been completed on 24 March 2017 and as a result, a profit of RM72,136,610 was recognised in the consolidated statements of profit or loss and other comprehensive income for the financial year ended 31 December 2017.
- (c) On 24 October 2016, a subsidiary company, Budaya Identiti Sdn. Bhd. entered into a sale and purchase agreement to dispose of agriculture land held under HS(D) 16097, PT 7886, Mukim Gemencheh, Daerah Tampin, Negeri Sembilan measuring with an area of 196.3 hectares for total cash consideration of RM15,522,172. The disposal has been completed on 24 August 2017 and as a result, a profit of RM4,464,205 was recognised in the consolidated statements of profit or loss and other comprehensive income.

## 15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Ordinary shares with no par value (2016: par value of RM1.00 each)				
<b>Authorised</b>				
At 31 December	-	1,000,000,000	-	1,000,000,000
<b>Issued and fully paid</b>				
At 1 January/ 31 December	206,756,497	206,756,497	206,756,497	206,756,497

## 15. Share Capital (Cont'd)

The new Companies Act, 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 16. Reserves

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-distributable</b>				
Other reserve	(14,865,154)	(14,865,154)	-	-
<b>Distributable</b>				
(Accumulated losses)/ Retained earning	14,764,377	(48,041,751)	(99,535,493)	(67,096,569)
	(100,777)	(62,906,905)	(99,535,493)	(67,096,569)

The nature of other reserve of the Group relating to other reserve arising from the acquisition of non-controlling interest.

## 17. Loans and Borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Secured</b>				
Term loans	50,318,671	90,524,608	5,914,772	16,404,608
Bank overdrafts	-	18,812,697	-	-
	50,318,671	109,337,305	5,914,772	16,404,608
<b>Non-current</b>				
Term loans	5,428,772	65,558,065	5,428,772	5,918,608
<b>Current</b>				
Term loans	44,889,899	24,966,543	486,000	10,486,000
Bank overdrafts	-	18,812,697	-	-
	44,889,899	43,779,240	486,000	10,486,000
	50,318,671	109,337,305	5,914,772	16,404,608

As disclosed in Note 34, Bertam Development Sdn. Bhd. (BDSB), a wholly owned subsidiary company of the Company had been wound up by the High Court on 30 November 2017. Consequently, the term loans held by BDSB in totalling RM44,403,899 was classified at short-term

The term loans are secured by the following:

- (i) Legal charge over the Company's leasehold buildings as disclosed in Note 4.
- (ii) Legal charge over the subsidiary companies' lands under property development costs as disclosed in Note 9.
- (iii) Certain fixed deposits of the Group as disclosed in Note 13 to the financial statements.
- (iv) Corporate guarantee by the Company.

**17. Loans and Borrowings (Cont'd)**

The maturity of bank borrowings is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
On demand or within one year	44,889,899	43,779,240	486,000	10,486,000
More than 1 year and less than 2 years	486,000	19,710,594	486,000	486,000
More than 2 year and less than 5 years	1,458,000	38,452,863	1,458,000	1,458,000
More than 5 years	3,484,772	7,394,608	3,484,772	3,974,608
	50,318,671	109,337,305	5,914,772	16,404,608

The range of effective interest rates of the bank borrowings are as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Term loans	5.55 - 8.58	5.38 - 9.84	5.55 - 8.58	5.38 - 9.84
Bank overdrafts	6.95 - 8.65	7.15 - 8.45	-	-

**18. Finance Lease Payable**

	Group	
	2017 RM	2016 RM
<b>Minimum lease payments:</b>		
Within one year	221,345	198,960
Later than one year and not later than two years	287,271	198,960
Later than two years and not later than five years	350,275	453,731
Later than five years	-	84,108
	858,891	935,759
Less: Future finance charges	(83,757)	(102,201)
Present value of minimum lease payments	775,134	833,558
<b>Present value of minimum lease payments:</b>		
Within one year	188,401	163,223
Later than one year and not later than two years	256,959	171,734
Later than two year and not later than five years	329,774	416,010
Later than five years	-	82,591
	775,134	833,558
Analysed as:		
Repayable within twelve months	188,401	163,223
Repayable after twelve months	586,733	670,335
	775,134	833,558

The finance lease liabilities of the Group bear at rates ranging from 2.29% to 4.00% (2016: 2.29% to 4.00%).

The Group leases motor vehicles under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

## 19. Deferred Tax Liabilities

	Group	
	2017 RM	2016 RM
At 1 January	721,216	5,258,613
Recognised in profit or loss (Note 25)	(721,216)	(4,537,397)
At 31 December	-	721,216

The movements and components of the deferred tax liabilities are as follows:

Group	Property, plant and equipment RM	Revaluation surplus of land held for property development RM	Total RM
<b>Deferred tax liabilities</b>			
At 1 January 2017	-	721,216	721,216
Recognised in profit or loss	-	(721,216)	(721,216)
At 31 December 2017	-	-	-
At 1 January 2016	77,300	5,181,313	5,258,613
Recognised in profit or loss	(75,300)	(4,460,097)	(4,535,397)
Over provision in prior year	(2,000)	-	(2,000)
At 31 December 2016	-	721,216	721,216

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	354,300	210,800	162,300	115,000
Unutilised tax losses	46,456,100	40,455,200	4,445,300	4,445,300
	46,810,400	40,666,000	4,607,600	4,560,300

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 or they have arisen in subsidiary companies that have a recent history of losses.

## 20. Trade and Other Payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Trade payables</b>				
Third parties	1,461,791	3,737,191	-	-
Retention sums	1,847	1,847	-	-
	1,463,638	3,739,038	-	-
<b>Other payables</b>				
Other payables	1,798,615	1,873,865	50,081	209,784
Accruals	909,777	3,963,722	460,328	134,150
Deposit received	-	14,217,752	-	-
Prepayment	-	366,175	-	-
Provisions	9,894,762	11,179,711	-	-
	12,603,154	31,601,225	510,409	343,934
Total current trade and other payables	14,066,792	35,340,263	510,409	343,934

**20. Trade and Other Payables (Cont'd)**

Included in other payables is an amount of RM495,172 (2016: RM488,081) due to companies in which a Director of the Company has substantial financial interest.

Included in comparative figures of deposits received was an amount of RM13,886,552 relating to earnest deposits received for disposal of land classified as assets held for sale (Note 14). The disposal was completed during the financial year.

Provisions for the financial year mainly consist of:

- (i) Amount payable to Lembaga Perumahan dan Hartanah Selangor ("LPHS") of RM4,369,594 (2016: RM4,369,594) for the waiver of Bumiputera quota on certain units within project Casabella;
- (ii) Provision for material litigation amounting to RM4,111,267 (2016:RM4,111,267) as disclosed in Note 34 to the financial statements;
- (iii) Liquidated Ascertained Damages charges of RM455,736 (2016: RM487,764) and
- (iv) Defect liability period for the project of Pangsapuri Suria located at Kota Damansara amounting to RM94,567 (2016: RM735,838).

**21. Amount due to Directors**

Amount due to directors with non-interest bearing are unsecured and repayable on demand.

**22. Revenue**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of properties	1,425,830	7,755,072	-	-
Sale of land	143,822,171	3,500,000	-	-
Administrative and support service fees	-	-	2,792,642	3,198,657
	145,248,001	11,255,072	2,792,642	3,198,657

**23. Finance Costs**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses				
Term loans	4,147,539	6,729,580	453,799	1,560,760
Bank overdrafts	418,226	438,949	-	-
Finance lease payables	35,736	44,247	-	-
	4,601,501	7,212,776	453,799	1,560,760
Less:				
Interest capitalised in property development costs (Note 9)	(3,467,432)	(3,772,935)	-	-
	1,134,069	3,439,841	453,799	1,560,760

## 24. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is determined after charging/(crediting) amongst others, the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- Statutory audits	186,800	170,200	70,000	70,000
- Under provision in prior years	781	-	-	-
- Non-audit services	5,000	5,000	5,000	5,000
Bad debts written off	9,998	135,662	-	-
Depreciation of property, plant and equipment	665,265	689,817	276,127	270,379
Deposits written off	16,636	1,800	-	-
Trade and other payables written back	(48,072)	-	-	-
Non-executive Directors' remuneration:				
- Fees	132,000	168,000	132,000	168,000
- Other emoluments	10,000	15,000	10,000	15,000
Interest income	(1,093,116)	(260,559)	(943,914)	(2,101)
Loss on disposal of other investment	45,000	-	-	-
Impairment loss on financial assets:				
- Amount due from subsidiary companies	-	-	14,645,785	-
- Investment in quoted shares	255,247	875,133	-	-
- Investment in subsidiary companies	-	-	17,673,850	20,341
- Trade receivables	7,279	2,047,351	-	-
- Other receivables	315,854	23,369	15,854	-
Impairment loss on land held for property development	-	13,060,616	-	-
Gain on disposal of property, plant and equipment	(47,169)	(9,206)	-	-
Gain on disposal of land held for sales	-	(994,000)	-	-
Property, plant and equipment written off	993	123,615	-	98,044
Rental of premises	281,958	347,631	-	42,973
Rental of equipment	3,641	3,720	-	-
Rental income	(69,465)	(57,948)	(39,672)	(36,366)
Reversal of impairment loss on amount due from subsidiary companies	-	-	(572,805)	-

## 25. Taxation

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Tax expenses recognised in profit or loss</b>				
Malaysian income tax	173,681	-	102,993	-
Real property gain tax	6,863,471	-	-	-
Over provision in prior years	(496,594)	(243,852)	-	(150,000)
	6,540,558	(243,852)	102,993	(150,000)
Deferred tax (Note 19):				
Origination and reversal of temporary differences	(721,216)	(4,535,397)	-	-
Over provision in prior years	-	(2,000)	-	-
	(721,216)	(4,537,397)	-	-
Tax expenses/(credit) for the financial year	5,819,342	(4,781,249)	102,993	(150,000)

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

**25. Taxation (Cont'd)**

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before taxation	68,622,254	(29,177,926)	(32,335,931)	(2,671,251)
At Malaysian statutory tax rate of 24% (2016: 24%)	16,469,341	(7,002,702)	(7,760,623)	(641,100)
Expenses not deductible for tax purposes	1,962,436	4,197,395	8,012,588	159,104
Income not subject to tax	(20,457,991)	(3,206)	(160,072)	(504)
Deferred tax assets not recognised	1,509,603	(1,726,884)	11,100	482,500
Real Property Gain Tax	6,863,471	-	-	-
Utilisation of previously unrecognised deferred tax assets	(30,924)	-	-	-
Over provision of income tax in prior years	(496,594)	(243,852)	-	(150,000)
Over provision of deferred tax in prior years	-	(2,000)	-	-
Tax expenses/(credit) for the financial year	5,819,342	(4,781,249)	102,993	(150,000)

The Group and the Company have the following estimated unabsorbed capital allowances and unutilised tax losses available to offset against future taxable profits. The said amounts are subject to approval by the Inland Revenue Board.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	354,300	210,800	162,300	115,000
Unutilised tax losses	46,456,100	40,455,200	4,445,300	4,445,300
	46,810,400	40,666,000	4,607,600	4,560,300

**26. Earning/(Loss) Per Share**

## (a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017 RM	2016 RM
Profit/(Loss) attributable to owners of the parent	62,806,128	(24,394,495)
Weighted average number of ordinary shares in issue	206,756,497	206,756,497
Basic earnings/(loss) per ordinary shares (in sen)	30.38	(11.80)

## (b) Diluted earnings per ordinary share

The Group and the Company have no dilution in their earnings/(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.

# Notes to the Financial Statements

## 27. Staff Costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and other emoluments	2,370,636	2,997,597	1,779,426	2,303,209
Social security contribution	16,618	14,629	9,771	7,698
Defined contribution plan	278,744	339,975	211,932	265,861
	2,665,998	3,352,201	2,001,129	2,576,768

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Executive Directors</b>				
<u>Existing Directors of the Company</u>				
Salaries and other emoluments	680,297	1,110,500	680,297	1,110,500
Fees	72,000	108,000	72,000	108,000
Defined contribution plan	81,492	133,260	81,492	133,260
	833,789	1,351,760	833,789	1,351,760
<u>Past Director of the Company</u>				
Salaries and other emoluments	105,884	-	105,884	-
Fees*	12,000	-	12,000	-
Defined contribution plan	12,700	-	12,700	-
	130,584	-	130,584	-
Total Executive Directors' remuneration	964,373	1,351,760	964,373	1,351,760

\* This represents the remuneration paid to this Director until his retirement on 27 April 2017.

## 28. 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:

	At 1 January 2017 RM	Financing cash flow RM	Non-cash changes	At 31 December 2017 RM
			New finance lease RM	
<b>Group</b>				
Amount due to directors	-	11,202	-	11,202
Finance lease liabilities	833,558	(163,224)	104,800	775,134
Term loans	90,524,608	(40,205,937)	-	50,318,671
	91,358,166	(40,357,959)	104,800	51,105,007
<b>Company</b>				
Term loans	16,404,608	(10,489,836)	-	5,914,772

## 29. Contingencies

	Group	
	2017 RM	2016 RM
<b>Unsecured</b>		
<u>Corporate guarantee</u>		
Corporate guarantee given to financial institutions for banking facilities granted to subsidiary companies	55,000,000	107,000,000

## 30. 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. 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 comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

## (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:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>(i) Transactions with subsidiary companies</b>				
- Administration and support service fees	-	-	2,960,200	3,198,657
<b>(ii) Transactions with companies in which the Directors of the Company have substantial financial interest</b>				
- Rental income on premises	39,672	36,366	39,672	36,366
- Rental expenses on premises	-	42,052	-	42,052
	39,672	78,418	39,672	78,418
<b>(iii) Transactions with Directors and their close family members</b>				
- Rental expenses on premises	187,908	187,458	-	-

## (c) Compensation of key management personnel

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
- Salaries, wages and other emoluments	680,297	1,110,500	680,297	1,110,500
- Fees	72,000	108,000	72,000	108,000
- Defined contribution plans	81,492	133,260	81,492	133,260
	833,789	1,351,760	833,789	1,351,760

# Notes to the Financial Statements

## 31. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development Develop property for sale and/or holds properties for its own investment purpose

Construction Construction of residential, addition and alterations, refurbishment and restoration of buildings.

Corporate and others This includes holding of investments and provision of management services to the companies within the Group, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Property Development RM	Construction RM	Corporate and others RM	Total Segments RM	Elimination RM	Total Operations RM
<b>Group</b>						
<b>2017</b>						
<b>Revenue</b>						
External customers	144,022,171	1,225,830	-	145,248,001	-	145,248,001
Inter-segment	-	-	2,792,642	2,792,642	(2,792,642)	-
Total revenue	144,022,171	1,225,830	2,792,642	148,040,643	(2,792,642)	145,248,001
<b>Results</b>						
Segment (loss)/profit	72,613,427	(1,094)	156,679	72,769,012	(1,696,417)	71,072,595
Other non-cash expenses	(635,153)	-	(31,762,684)	(32,397,837)	31,746,830	(651,007)
Depreciation	(389,138)	-	(276,127)	(665,265)	-	(665,265)
Finance costs	(680,270)	-	(453,799)	(1,134,069)	-	(1,134,069)
(Loss)/profit before tax	70,908,866	(1,094)	(32,335,931)	38,571,841	30,050,413	68,622,254
Income tax (expense)/benefit	(6,965,400)	-	(102,993)	(7,068,393)	1,249,051	(5,819,342)
Profit net of tax	63,943,466	(1,094)	(32,438,924)	31,503,448	31,299,464	62,802,912
<b>Assets</b>						
Capital expenditure	309,799	-	38,882	348,681	-	348,681
Segment assets	507,012,930	15,220,228	182,405,979	704,639,137	(430,342,976)	274,296,161
<b>Liabilities</b>						
Segment liabilities	413,653,566	6,716,972	75,184,975	495,555,513	(427,768,307)	67,787,206

## 31. Segment Information (Cont'd)

	Property Development RM	Construction RM	Corporate and others RM	Total Segments RM	Elimination RM	Total Operations RM
<b>Group 2016</b>						
<b>Revenue</b>						
External customer	4,371,842	6,883,230	-	11,255,072	-	11,255,072
Inter-segment dividends	-	-	3,198,657	3,198,657	(3,198,657)	-
Total revenue	4,371,842	6,883,230	3,198,657	14,453,729	(3,198,657)	11,255,072
<b>Results</b>						
Segment profit/(loss)	(23,472,610)	(2,039,782)	(721,727)	(26,234,119)	7,443,095	(18,791,024)
Other non-cash expenses	(6,138,859)	-	(118,385)	(6,257,244)	-	(6,257,244)
Depreciation	(419,438)	-	(270,379)	(689,817)	-	(689,817)
Finance costs	(1,879,081)	-	(1,560,760)	(3,439,841)	-	(3,439,841)
Profit/(loss) before tax	(31,909,988)	(2,039,782)	(2,671,251)	(36,621,021)	7,443,095	(29,177,926)
Income tax (expense)/benefit	181,567	(10,415)	150,000	321,152	4,460,097	4,781,249
Profit net of tax	(31,728,421)	(2,050,197)	(2,521,251)	(36,299,869)	11,903,192	(24,396,677)
<b>Assets</b>						
Capital expenditure	-	-	502,548	502,548	89,534	592,082
Segment assets	431,887,840	18,507,586	158,110,641	608,506,067	(318,039,847)	290,466,220
<b>Liabilities</b>						
Segment liabilities	402,471,944	10,003,236	18,450,713	430,925,893	(284,165,716)	146,760,177

Eliminations

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Inter-segment revenues are eliminated on consolidation.

Geographic information

Geographical segment information is not presented as the Group operates predominantly in Malaysia.

## 32. 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 financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Available- for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Group 2017</b>				
<b>Financial Assets</b>				
Other investments	-	2,055,206	-	2,055,206
Trade and other receivables	14,451,561	-	-	14,451,561
Deposits, cash and bank balances	59,469,586	-	-	59,469,586
	73,921,147	2,055,206	-	75,976,353

# Notes to the Financial Statements

## 32. Financial Instruments (Cont'd)

### (a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Available- for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Group</b>				
<b>2017</b>				
<b>Financial Liabilities</b>				
Trade and other payables	-	-	13,929,464	13,929,464
Amount due to directors	-	-	11,202	11,202
Loans and borrowings	-	-	50,318,671	50,318,671
Finance lease payables	-	-	775,134	775,134
	-	-	65,034,471	65,034,471
<b>2016</b>				
<b>Financial Assets</b>				
Other investments	-	2,305,263	-	2,305,263
Trade and other receivables	16,567,189	-	-	16,567,189
Deposits, cash and bank balances	8,135,907	-	-	8,135,907
	24,703,096	2,305,263	-	27,008,359
<b>Financial Liabilities</b>				
Trade and other payables	-	-	35,147,378	35,147,378
Loans and borrowings	-	-	109,337,305	109,337,305
Finance lease payables	-	-	833,558	833,558
	-	-	145,318,241	145,318,241
<b>Company</b>				
<b>2017</b>				
<b>Financial Assets</b>				
Trade and other receivables	40,450	-	-	40,450
Amount due from subsidiary companies	47,965,412	-	-	47,965,412
Deposits, cash and bank balances	42,147,715	-	-	42,147,715
	90,153,577	-	-	90,153,577
<b>Financial Liabilities</b>				
Trade and other payables	-	-	373,081	373,081
Amount due to subsidiary companies	-	-	68,646,599	68,646,599
Amount due to directors	-	-	10,202	10,202
Loans and borrowings	-	-	5,914,772	5,914,772
	-	-	74,944,654	74,944,654
<b>2016</b>				
<b>Financial Assets</b>				
Trade and other receivables	34,657	-	-	34,657
Amount due from subsidiary companies	47,523,194	-	-	47,523,194
Deposits, cash and bank balances	377,323	-	-	377,323
	47,935,174	-	-	47,935,174
<b>Financial Liabilities</b>				
Trade and other payables	-	-	151,419	151,419
Amount due to subsidiary companies	-	-	1,702,171	1,702,171
Loans and borrowings	-	-	16,404,608	16,404,608
	-	-	18,258,198	18,258,198

**32. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies**

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company'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 if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiary company.

The Group has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

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 subsidiary companies. The Company's maximum exposure in this respect is RM50,318,671 (2016: RM90,524,608), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

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 RM15,977,661 (2016: RM949,658). There was no indication that the guarantee will be called upon.

**(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 finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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.

## 32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total 1 to 2 years RM	Total 2 to 5 years RM	After 5 years RM	contractual cash flows RM	carrying amount RM
<b>Group</b>						
<b>2017</b>						
<b><u>Non-derivative</u></b>						
<b><u>financial</u></b>						
<b><u>liabilities</u></b>						
Trade and other payables	13,929,464	-	-	-	13,929,464	13,929,464
Amount due to directors	11,202	-	-	-	11,202	11,202
Loans and borrowings	44,889,899	486,000	1,458,000	3,484,772	50,318,671	50,318,671
Finance lease payables	221,345	287,271	350,275	-	858,891	775,134
	<b>59,051,910</b>	<b>773,271</b>	<b>1,808,275</b>	<b>3,484,772</b>	<b>65,118,228</b>	<b>65,034,471</b>
<b>2016</b>						
<b><u>Non-derivative</u></b>						
<b><u>financial</u></b>						
<b><u>liabilities</u></b>						
Trade and other payables	35,147,378	-	-	-	35,147,378	35,147,378
Loans and borrowings	43,779,240	19,710,594	38,452,863	7,394,608	109,337,305	109,337,305
Finance lease payables	198,960	198,960	453,731	84,108	935,759	833,558
	<b>79,125,578</b>	<b>19,909,554</b>	<b>38,906,594</b>	<b>7,478,716</b>	<b>145,420,442</b>	<b>145,318,241</b>
<b>Company</b>						
<b>2017</b>						
<b><u>Non-derivative</u></b>						
<b><u>financial</u></b>						
<b><u>liabilities</u></b>						
Trade and other payables	373,081	-	-	-	373,081	373,081
Loans and borrowings	486,000	486,000	1,458,000	3,484,772	5,914,772	5,914,772
Amount due to director	10,202	-	-	-	10,202	10,202
Amount due to subsidiary companies	68,646,599	-	-	-	68,646,599	68,646,599
	<b>69,515,882</b>	<b>486,000</b>	<b>1,458,000</b>	<b>3,484,772</b>	<b>74,944,654</b>	<b>74,944,654</b>
<b>2016</b>						
<b><u>Non-derivative</u></b>						
<b><u>financial</u></b>						
<b><u>liabilities</u></b>						
Trade and other payables	151,419	-	-	-	151,419	151,419
Loans and borrowings	10,486,000	486,000	1,458,000	3,974,608	16,404,608	16,404,608
Amount due to subsidiary companies	1,702,171	-	-	-	1,702,171	1,702,171
	<b>12,339,590</b>	<b>486,000</b>	<b>1,458,000</b>	<b>3,974,608</b>	<b>18,258,198</b>	<b>18,258,198</b>

**32. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(ii) Liquidity risk (Cont'd)**

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM50,318,671 (2016: RM90,524,608). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

**(iii) Market risks****(a) Interest rate risks**

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 manages 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 manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017 RM	2016 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposit with licensed banks	16,256,786	6,245,486
<b>Financial liability</b>		
Finance lease payables	775,134	833,558
<b>Floating rate instruments</b>		
<b>Financial liability</b>		
Loans and borrowings	50,318,671	109,337,305
<b>Company</b>		
<b>Floating rate instruments</b>		
<b>Financial liability</b>		
Loans and borrowings	5,914,772	16,404,608

## 32. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks (Cont'd)

##### (a) Interest rate risks (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 / (decreased) the Group's and the Company's profit before tax by RM125,797 and RM14,787 (2016: RM273,343 and RM41,012) respectively, arising mainly as a result of higher / lower 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 financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss or available-for-sale financial assets.

Management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Risk Management Committee of the Group.

##### Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher / lower, with all other variables held constant, the Group's profit before tax would have been RM20,552 (2016: RM23,053) higher / lower, arising as a result of higher / lower fair value gains on held for trading investments in equity instruments.

##### (c) Fair value of financial instruments

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 insignificant impact of discounting.

## 32. Financial Instruments (Cont'd)

## (c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>2017</b>										
<b>Financial asset</b>										
Other investments	2,055,206	-	-	2,055,206	-	-	-	-	2,055,206	2,055,206
<b>Financial liability</b>										
Finance lease payables	-	-	-	-	-	770,234	-	770,234	770,234	775,134
<b>2016</b>										
<b>Financial asset</b>										
Other investments	2,305,263	-	-	2,305,263	-	-	-	-	2,305,263	2,305,263
<b>Financial liability</b>										
Finance lease payables	-	-	-	-	-	827,634	-	827,634	827,634	833,558

## (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 year/period.

## (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets and 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 and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instrument

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 value for the financial assets and liabilities are estimated using unobservable inputs.

### 33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of 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.

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:

	2017 RM	2016 RM
Total loans and borrowings	51,093,805	110,170,863
Less: Deposits, bank and cash balances	(59,469,586)	(8,135,907)
Net debts	(8,375,781)	102,034,956
Total equity	206,655,720	143,849,592
Gearing ratio	*	71%

\* Gearing ratio not applicable to the Group as the cash and cash equivalents as at 31 December 2017 are sufficient to cover the entire borrowing obligation.

There were no changes in the Group's approach to capital management during the financial year.

### 34. Material Litigation

**High Court of Malaya at Kuala Lumpur Winding Up Petition No. WA-28NCC-518- 08/2017 R&C Cergas Teguh Sdn. Bhd. ("RCT" or "Petitioner") vs Bertam Development Sdn. Bhd. ("BDSB" or "Respondent")**

**In the Appeal Court of Malaysia  
Appeal Civil Suit No. W-02(C)(A)-1277-0/2017  
BDSB ("Appellant") vs RCT ("Respondent")**

A major subsidiary company, Bertam Development Sdn. Bhd. was served with Winding- Up Order by Court on 30 November 2017 from the legal case initiated by R & C Cergas Teguh Sdn. Bhd. whom sued for RM4.5 million.

The adjudication sum of RM4,111,268 together with the interest at the rate of 7.65% per annum from 27 May 2016 until the date of full payment had transfer by BDSB to its solicitor as the stakeholder fund on 15 June 2017.

On 20 December 2017, the Winding Up by Court dated 30 November 2017 and Sealed Allocator dated 19 December 2017 ("Winding-up Order") were served against BDSB.

The particular of the Winding-up Order are as follows:

- (i) That BDSB will be wound up by the High Court of Malaya at Kuala Lumpur under the provisions of the Companies Act, 2016;
- (ii) That the official receiver be appointed as liquidator of BDSB; and
- (iii) Cost of RM5,000 payable to the allocator.

**34. Material Litigation (Cont'd)**

On 24 January 2018, BDSB has filed an appeal for the Winding-up petition to the Court of Appeal for setting aside the winding up on the grounds of abuse of process which appeal is pending.

The appeal on jurisdictional objection to the adjudicator's order under Court of Appeal was given due consideration by the Federal Court of Malaysia and the Court has adjourned the case to be heard on 30 March 2018.

On 30 March 2018, the Court has fixed the matter for continued hearing and/or decision on 23 April 2018. At the Court of Appeal's hearing on 23 April 2018, the Court had given the direction to BDSB and RCT to look into the possibility of settlement of the debt due of RM4,568,203 amicably before the continued hearing date on 21 May 2018.

On 21 May 2018, BDSB's solicitors had withdrawn the appeal in the Court of Appeal after BDSB has made full payment of all proof of debts to RCT.

As at date of this report, BDSB's solicitors in the midst of applying to the Court pursuant to Section 493 of the Companies Act, 2016 to terminate the Winding-up Order.

**35. Significant Event**

On 4 April 2018, the Company is classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(c) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The PN17 criteria was triggered by the Winding-Up Order made against BDSB, a wholly-owned subsidiary company of the Company, which accounts for at least 50% of the total assets employed of the Group on a consolidated basis ("Winding-up Order"). Details in respect of the Winding-up Order are disclosed in Note 34.

Pursuant to PN17, the Company is required pursuant to comply with the following obligations:

- (i) To announce details of the Regularisation Plan as referred to in paragraph 8.04(3) of the Listing Requirements which announcement must fulfil the requirement set out in paragraph 4.2 of PN17;
- (ii) To submit the Regularisation Plan to the Securities relevant authorities ("Approving Authority"), for approval within twelve (12) months from the date of the First Announcement; and to implement the Regularisation Plan within the timeframe stipulated by the relevant Approving Authority;
- (iii) To announce the status of its Regularisation Plan and the number of months to the end of the relevant timeframes referred thereto, as may be applicable on a monthly basis until further notice from Bursa Securities;
- (iv) To announce its compliance or non-compliance with a particular obligation imposed pursuant to PN17 on an immediate basis;
- (v) In the event that the Company fails to comply with the obligation to regularise its condition, it will announce the dates of suspension and de-listing of its listed securities immediately upon notification of suspension and de-listing by Bursa Securities.

The Company is required to submit its Regularisation Plan to the relevant authorities for approval until 3 April 2019.

As at the date of this announcement, the Board of the Company will, amongst others,

- (i) endeavour to set aside and/or terminate the Winding-Up Order made against BDSB in due course; and
- (ii) look into formulating a plan to regularise its financial condition, if required.

The Company will make an appeal to Bursa Securities against its PN17 status after setting aside and/or terminating the Winding-Up Order against BDSB as disclosed in Note 34.

**36. 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 23 May 2018.

# LIST OF PROPERTIES

No.	Properties & Locations	Description	Area/ Built-Up	Tenure	Age of Building	Net Book Value As At 31 December 2017 (RM'000)	Date of Acquisition or Last Revaluation
1	CL 015151005 Jalan Sena, Taman Luyang Phase 1, Off Jalan Kolam, District of Kota Kinabalu, Sabah.	Vacant development land	2.75 acres	Leasehold	N/A	40,512	13/08/2014
2	Unit No. 23-01 to 23-07, Level 23, Tower B, Vertical Business Suites, Bangsar South City, all under PN46338, Lot 58190, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	Office lots	9,007 square feet	Leasehold	89	8,258	24/11/2014
3	CL 045021449, CL 045021458 and CL 045144205, District of Tuaran, Sabah.	Vacant development land	32.02 acres	Leasehold	N/A	43,000	13/10/2014

## SHARE CAPITAL

Total Number of Issued Shares	:	206,756,497
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2018

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	15	1.152	689	0
100 - 1,000	316	24.289	283,254	0.136
1,001 - 10,000	540	41.506	2,841,567	1.374
10,001 - 100,000	333	25.595	11,734,498	5.675
100,001 - Less than 5% of Issued Shares	94	7.225	102,696,489	49.670
5% and above of Issued Shares	3	0.230	89,200,000	43.142
<b>Total</b>	<b>1,301</b>	<b>100.000</b>	<b>206,756,497</b>	<b>100.000</b>

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1.	Datuk Mohamed Arsad Bin Sehan	-	-	-	-
2.	Lim Nyuk Foh	49,023,100	23.71	-	-
3.	Lim Shaw Keong @ Alfred Lim	-	-	-	-
4.	Chiew Boon Chin	-	-	-	-
5.	Koo Jenn Man	393,500	0.19	-	-

## SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1.	Lim Nyuk Foh	49,023,100	23.71	-	-
2.	Wisma Jutamas Sdn Bhd	31,400,000	15.18	-	-

# Analysis of Shareholdings

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (According to the Record of Depository As At 30 March 2018)

No.	Name of Shareholders	No. of Shares	%
1	Sabah Development Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Nyuk Foh</i>	37,700,000	18.234
2	Sabah Development Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Wisma Jutamas Sdn. Bhd.</i>	31,400,000	15.186
3	RHB Nominees (Asing) Sdn. Bhd. <i>Exempt An (BP) For RHB Securities Hong Kong Limited A/C Clients (Retail)</i>	20,100,000	9.721
4	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Nyuk Foh</i>	9,500,000	4.594
5	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Ong King Seng</i>	7,482,100	3.618
6	Sabah Development Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tung Fong Hotel (SDK) Sdn. Bhd.</i>	7,100,000	3.433
7	Teh Kim Teck	6,542,000	3.164
8	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Chua Peng Boon @ Choy Ah Mun (8118880)</i>	5,688,000	2.751
9	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chua Seong Kheong</i>	5,619,200	2.717
10	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Lim Fei Nee (8117227)</i>	5,600,000	2.708
11	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yau Kim Hian (M01)</i>	5,145,200	2.488
12	Tradema Holdings Sdn. Bhd.	4,181,000	2.022
13	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Classical Glory Sdn. Bhd. (M03)</i>	3,689,000	1.784
14	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Er Ka Wei</i>	3,000,000	1.450
15	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Suh Siang</i>	1,637,900	0.792
16	Wei Han Sdn. Bhd.	1,579,000	0.763
17	Brem Development Sdn. Bhd.	1,507,000	0.728
18	Maybank Nominees (Tempatan) Sdn. Bhd. <i>For Chua Peng Boon @ Choy Ah Mun</i>	1,333,300	0.644
19	Classical Glory Sdn. Bhd.	1,189,900	0.575
20	Yew Vui Heung	1,181,800	0.571
21	Ong Lee Veng @ Ong Chuan Heng	1,138,000	0.550
22	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Nyuk Foh (8121417)</i>	1,123,100	0.543
23	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Exempt An For Bank Of Singapore Limited</i>	1,028,100	0.497
24	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Er Ka Wei (7003749)</i>	1,000,000	0.483
25	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yap Kok Weng</i>	1,000,000	0.483
26	Voo Kwee Hiong	945,800	0.457
27	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Chin Fun Ming</i>	891,000	0.430
28	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Beh Hang Kong</i>	813,700	0.393
29	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tan Cheng Chai</i>	770,000	0.372
30	Lai Thiam Poh	756,100	0.365

# FORM OF PROXY

# BERTAM ALLIANCE BERHAD

305530-A

I/We.....NRIC/Passport/Company No. ....  
 [Full name in capital letters]

of.....  
 [Full address]

being member(s) of **BERTAM ALLIANCE BERHAD**, hereby appoint .....  
 [Full name in capital letters]

.....NRIC/Passport .....of  
 [Full address]

or failing him/her,..... NRIC/Passport .....  
 [Full name in capital letters]

of .....  
 [Full address]

or failing him/her, the Chairman of the Meeting as \*my/our proxy to attend and to vote for \*me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at **Kinabalu Room 1, Level 2, Ming Garden Hotel & Residences, Lorong Ming Garden, Jalan Coastal, 88000 Kota Kinabalu, Sabah on Thursday, 28 June 2018 at 9.00 a.m.** and any adjournment thereof in the manner as indicated below:-

or failing him/her, the Chairman of the Meeting as \*my/our proxy to attend and to vote for \*me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at **Kinabalu Room 1, Level 2, Ming Garden Hotel & Residences, Lorong Ming Garden, Jalan Coastal, 88000 Kota Kinabalu, Sabah on Thursday, 28 June 2018 at 9.00 a.m.** and any adjournment thereof in the manner as indicated below:-

ORDINARY BUSINESS	Resolution	FOR	AGAINST
Re-election of Lim Shaw Keong @ Alfred Lim as Director.	Ordinary Resolution 1		
Re-election of Koo Jenn Man as Director.	Ordinary Resolution 2		
To approve the payment of Directors' fees of RM216,000.00 to Directors of the Company for the financial year ended 31 December 2017.	Ordinary Resolution 3		
To approve the payment of Directors' fees of up to RM396,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 1 January 2018 until the conclusion of the next Annual General Meeting ("AGM") of the Company.	Ordinary Resolution 4		
To approve the payment of other benefits payable of up to RM24,000 for the period commencing from 29 June 2018 until the conclusion of the next AGM of the Company.	Ordinary Resolution 5		
To re-appoint Messrs. UHY as Auditors of the Company and to authorise Directors to fix their remuneration.	Ordinary Resolution 6		
SPECIAL BUSINESS			
Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 7		
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature.	Ordinary Resolution 8		
Proposed Authority for the Company to Purchase Its Own Shares of up to Ten Percent (10%) of the Issued And Paid-Up Share Capital of the Company.	Ordinary Resolution 9		
Proposed Adoption of New Constitution of the Company.	Special Resolution 1		

(Please indicate with an "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.)

Signed this ..... day of ..... 2018.

Number of shares held:-	
CDS account no.:-	
Telephone no. (during office hours):-	

Signature (If shareholder is a Corporation, this form should be executed under seal)

## Notes:

- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 22 June 2018. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, speak or vote on his/her behalf.
- A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 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 of authority, shall be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

*1<sup>st</sup> fold here*

---

Affix  
Stamp

**Tricor Investor & Issuing House Services Sdn Bhd**

The Share Registrar of

**BERTAM ALLIANCE BERHAD** (305530-A)

Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South City,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

---

*Then fold here*



[www.bertamalliance.com](http://www.bertamalliance.com)

**BERTAM ALLIANCE BERHAD**

(Company No. 305530-A)

Level 23, Unit 23-01 to 23-07, Tower B, Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

Tel 603-2242 3669 Fax 603-2242 3662