

BERTAM ALLIANCE BERHAD

Registration No. 199401019851 (305530-A)



2019 **ANNUAL** **REPORT**



26

th

ANNUAL GENERAL MEETING

Address

Living Hall 1, 1st Floor,
Livingston Hotel -Sandakan,
Jalan Utara, Mile 4,
90000 Sandakan, Sabah, Malaysia

Date

Thursday, 23 July 2020

Time

9:00 a.m.



CONTENTS

02

NOTICE OF TWENTY-SIXTH
ANNUAL GENERAL
MEETING

07

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL
GENERAL MEETING

08

CORPORATE INFORMATION

09

MANAGEMENT DISCUSSION
AND ANALYSIS

11

CORPORATE
SUSTAINABILITY STATEMENT

13

PROFILE OF DIRECTORS

16

KEY SENIOR MANAGEMENT
PROFILE

17

STATEMENT ON RISK
MANAGEMENT
AND INTERNAL CONTROL

19

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

35

AUDIT AND RISK
MANAGEMENT COMMITTEE
REPORT

37

FINANCIAL STATEMENTS

115

LIST OF PROPERTIES

116

ANALYSIS OF SHAREHOLDINGS

FORM OF PROXY

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

26th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("26th AGM") of Bertam Alliance Berhad ("Bertam" or the "Company") will be held **Living Hall 1, 1st Floor, Livingston Hotel -Sandakan, Jalan Utara, Mile 4, 90000 Sandakan, Sabah, Malaysia on Thursday, 23 July 2020 at 9.00 a.m.** or at any adjournment thereof to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and other benefits payable of up to RM396,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 26th AGM until the conclusion of the next AGM of the Company.
3. To re-elect the following Directors who retire by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, have offered themselves for re-election:
 - a) Datuk Mohamed Arsad Bin Sehan
 - b) Mr Koo Jenn Man
4. To re-elect Mr Liu Shenghui as Director who retires in accordance with Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election.
5. To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

Please refer
Explanatory Note 1

Ordinary Resolution 1

Ordinary Resolution 2
Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

AS SPECIAL BUSINESS:

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

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

Ordinary Resolution 6

THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons 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 to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE") **Ordinary Resolution 7**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, 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 of 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 Parties as specified in Section 2.3 of the Circular to Shareholders dated 30 June 2020 provided that such transactions are:-

- (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 of 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 of Shareholders' Mandate."

8. PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED SHARE CAPITAL OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") **Ordinary Resolution 8**

"THAT, subject to Section 127 of the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are 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 Purchase") 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 Securities as at the point of purchase;

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

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
- (ii) 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 Securities 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 Securities;
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iv) distribute all or part of the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them.

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 of Share Buy Back Authority."

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

By order of the Board,

TAN TONG LANG (MAICSA 7045482/ PC NO. 201908002253)

THIEN LEE MEE (LS0009760/PC No. 201908002254)

Company Secretaries

Kuala Lumpur

Date: 30 June 2020

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 14 July 2020. 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.

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

- 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 office, Boardroom.com Sdn. Bhd. at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 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 of AGM will put to vote by way of poll.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the 26th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 26th AGM:

- a. Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 26th AGM in person.
- b. Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 26th AGM on their behalf by submitting the proxy form with predetermined voting instruction.
- c. Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 26th AGM in person.
- d. Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the 26th AGM in person.
- e. In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 26th AGM in person.
- f. Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.
- g. Members or proxies are advised to observe/maintain social distancing throughout the meeting.
- h. NO door gift will be provided to the Members or proxies.

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 26th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.bertamalliance.com for the latest updates on the status of the said meeting.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2019

This Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provide that the Audited Financial Statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 : Payment of Directors' Fees and other benefits payable to the Directors

Section 230(1) of the Act provides that the fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

Pursuant thereto, 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 conclusion of 26th AGM until the conclusion of the next AGM of the Company in year 2021.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged board composition size), approval will be sought at the next AGM of the Company for additional fees to meet the shortfall.

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

3. **Ordinary Resolution 5: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

This Ordinary Resolution, if passed, is a renewal of the general mandate and empowered the Directors of the Company pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company ("General Mandate").

The Company had obtained the mandate from the shareholders at the last AGM held on 28 May 2019 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

As part of the initiative from Bursa Malaysia Securities Berhad ("Bursa Securities") has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period") and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the forthcoming 26th AGM of the Company.

The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organize a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), working capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/ investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. **Ordinary Resolution 6: Proposed Renewal of Shareholders' Mandate**

This Ordinary Resolution, if passed, will empower the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Company and/or its subsidiaries' day-to-day operations provided that such transactions are being carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and are not to the detriment of the minority shareholders of the Company.

This authority, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company.

This details of this proposed Ordinary Resolution are set out in the Circular/Statement to Shareholders dated 30 June 2020.

5. **Ordinary Resolution 7 : Proposed Renewal of Share Buy-Back Authority**

This Ordinary Resolution, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of 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 is the earlier.

The detailed information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular/Statement to Shareholders dated 30 June 2020.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors at the 26th AGM are set out in their respective profiles which appear in the Directors' Profiles of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Analysis of Shareholdings of this Annual Report.

The Proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. The Company had obtained the mandate from the shareholders at the last AGM held on 28 May 2019 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK MOHAMED ARSAD BIN SEHAN

Senior Independent Non-Executive Director Chairman

LIM NYUK FOH

Executive Director

CHIEW BOON CHIN

Executive Director

LIU SHENGHUI

Non-Independent Non-Executive Director

KOO JENN MAN

Non-Independent Non-Executive Director

OOI JIT HUAT

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

OOI JIT HUAT

Chairman

DATUK MOHAMED ARSAD BIN SEHAN

Member

KOO JENN MAN

Member

REMUNERATION COMMITTEE

OOI JIT HUAT

Chairman

DATUK MOHAMED ARSAD BIN SEHAN

Member

NOMINATION COMMITTEE

DATUK MOHAMED ARSAD BIN SEHAN

Chairman

OOI JIT HUAT

Member

COMPANY SECRETARIES

TAN TONG LANG (MAICSA 7045482/ PC NO. 201908002253)
THIEN LEE MEE (LS0009760/PC No. 201908002254)

REGISTERED OFFICE

Suite 10.02, Level 10
The Garden South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03 – 2298 0263
Fax No. : 03 – 2298 0268

SHARE REGISTRAR

Boardroom.com Sdn. Bhd. [200801019600 (820910-X)]
Suite 10.02, Level 10
The Garden South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03 – 2298 0263
Fax No. : 03 – 2298 0268

AUDITORS

MESSRS PKF (AF 0911)
Chartered Accountants
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza
88300 Kota Kinabalu
Sabah
Tel No. : 088-266 723
Fax No. : 088-267 721

CORRESPONDENCE ADDRESS

Lot 50, Ground Floor,
Jalan Kilang Kolombong,
Sedco Industrial Estate
88450 Kota Kinabalu,
Sabah
Tel. No. : 088-382 000
Fax. No. : 088-382 000
Website : www.bertamalliance.com

PRINCIPAL BANKERS

HONG LEONG BANK BERHAD
OCBC BANK (M) BERHAD
PUBLIC BANK BERHAD
CIMB BANK BERHAD
RHB BANK BERHAD

SOLICITORS

FERNANDEZ & CO.
CHEE & CO.
TH MOI & ASSOICIATES
BODIPALAR PONNUDURAI DE SILVA
THOMAS ONG LEONG & ASSOCIATES

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Properties
Stock Code : 9841

MANAGEMENT DISCUSSION AND ANALYSIS

Bertam Alliance Berhad (“Bertam Alliance”) or (“the Group”) is an investment holding company with a diverse portfolio of business ventures mainly in property development, trading of building materials 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 ft²) and 18 Units of Shoplots (1,460 ft²) 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 of RM869 million.

The Development Plan (“DP”) of this project has been submitted on 3 November 2016. On 12 March 2018, the management had re-submit the DP to Majlis Daerah Tuaran (“MDT”) and Sabah Central Board for approval. MDT replied via their letter dated 4 February 2019 requesting for a Traffic Impact Assessment (“TIA”) to be carried out. A Traffic Consultant was appointed to conduct a TIA in November 2019. In view of the MCO, TIA Report may be completed by October 2020 and submission to MDT will be in December 2020.

2) Luyang Project

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

The zoning for this parcel of land has been converted from High Density Residential, R(H) to Commercial Mixed Uses, M(u). On 18 February 2019, Bertam Development Sdn. Bhd. obtained the planning approval from Dewan Bandaraya Kota Kinabalu (“DBKK”) for the proposed amendment to the approved 18-storey serviced suites on Lot CL.015151005 at Luyang, Kota Kinabalu.

Thus, the proposed development now involves serviced suites with full recreational facilities with a total built up area of 588,887 ft² (excluding carpark). It is expected to span over 3 years with an estimated GDV of approximately RM343 million. In 29 November 2019, Bertam submitted the building plans and engineering plans to DBKK, which approval is still pending at this moment. Bertam expects to receive approval by August or September 2020 due to the implementation of MCO. Bertam may commence the development of Luyang Project in 1st Quarter of 2021 after raising the necessary funds to kick start the project.

MANAGEMENT DISCUSSION AND ANALYSIS

3) Kepayan Project

The Proposed Development located at Kepayan, Kota Kinabalu, also known as Idaman Residence, involves a residential development consisting of 228 condominium units, ground floor car park, open space and facilities deck with a total built-up area of about 274,582 ft²(excluding carpark).

It is expected to span over a period of 3 years with an estimated GDV of approximately RM150 million.

Approvals from the relevant authorities have been obtained.

FINANCIAL AND NON-FINANCIAL

The Group registered a revenue of RM10.6 million for the financial year ended 31 December 2019. Year-on-Year, the Group's revenue rose RM9.8 million from last financial year of RM0.8 million mainly contributed by trading of building materials.

The Group recorded a loss before tax of RM18.9 million for the financial year ended 31 December 2019 as compared to a loss before tax of RM5.4 million in the previous year's corresponding period. This was mainly due to impairment of property development expenditure.

The Group borrowings as at 31 December 2019 consist of RM8.8 Million of term loans and RM0.3 million of finance lease which 52% are long term payables.

HUMAN RESOURCES DEVELOPMENT

It is recognised 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 organisation operating in a fast-changing world of how businesses are done.

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

REGULARISATION AND RESTRUCTURING PLANS

On 4 April 2018, Bertam Alliance announced that it is a Practice Note 17 ("PN17") company pursuant to Paragraph 8.04 and Paragraph 2.1(c) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Security Berhad as a winding-up order had been made against Bertam Development Sdn. Bhd. ("BDSB"), a wholly owned subsidiary of the Company, which accounts for at least 50% of the total assets employed of Bertam on a consolidated basis ("Winding Up Order") and notwithstanding that BDSB had appealed against the Winding-Up Order. Subsequently, the judgement creditors had been fully settled and the winding up order had been terminated on 16 June 2019.

The Group is currently focusing on developing its regularisation plan and it expect that 2020 will still be a challenging year for the Group as the property industry is still facing challenge.

CORPORATE SUSTAINABILITY STATEMENT

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. Improving efficiency of materials, water, power and papers usages and reducing and recycling wastages; and
- vi. 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.

CORPORATE SUSTAINABILITY STATEMENT

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 annual report.



PROFILE OF DIRECTORS

DATUK MOHAMED ARSAD BIN SEHAN

- Chairman/Senior Independent Non-Executive Director
- Chairman of Nomination Committee
- Member of the Audit and Risk Management Committee ("ARMC")
- Member of the Remuneration Committee
- Aged 67, Malaysian, Male
- 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. 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.

After retiring from Bank Rakyat, Datuk Mohamed Arsad spent 8 years as Managing Director and Executive Director of PureCircle Sdn Bhd, a wholly owned subsidiary of PureCircle Limited.

He is also a Director of SYF Resources Berhad and KIP REIT Management Sdn Bhd.

He does not have any interest in shares in the Company.

LIM NYUK FOH

- Executive Director
- Aged 56, Malaysian, Male
- 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. 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 currently also the Managing Director of Priceworth International Berhad. He also sits on Board of several other private limited companies.

He is a major shareholder and has direct shareholdings of 37,700,000 (18.23%) ordinary shares in the Company.

PROFILE OF DIRECTORS

CHIEW BOON CHIN

- Executive Director
- Aged 53, Malaysian, Male
- Appointed to the Board on 14 July 2014.

Chiew Boon Chin was appointed to the Board on 14 July 2014 as an Independent Director and subsequently as an Executive Director of the Company on 8 December 2016.

He graduated with a Bachelor of Science Degree in Mathematics from University of Windsor, Ontario, Canada in 1991. He began his career with an underwear manufacturer in 1992, then he joined a garment trading company in 2003 as one of the management team and implemented EDP system for its consignment operation, his experience is not restricted to the marketing and merchandising areas but envelops the whole business organization and corporate development.

He sits on the Board of Priceworth International Berhad as Independent Non-Executive Director.

He does not have any interest in shares in the Company.

LIU SHENGHUI

- Non-Independent Non-Executive Director
- Aged 57 Chinese, Male
- Appointed to the Board on 22 November 2019
- Re-designated from Acting Managing Director to Non-Independent Non-Executive Director on 20 March 2020

Liu Shenghui was appointed to the Board on 22 November 2019 as an Acting Managing Director and re-designated from Acting Managing Director to Non-Independent Non-Executive Director on 20 March 2020.

He graduated with a Bachelor of Science in Business Management from Capital University of Economics, Beijing, China.

- 1) 2019 - Present : Executive Director of Beijing Zhongma Huiyang Group Co., Ltd.
- 2) 2017 - Present : Executive Director of Zhicheng Boyuan Investment Fund Management (Beijing) Co., Ltd.
- 3) 2012 - Present : Chairman of Beijing Damei Huatai Technology Development Co., Ltd.
- 4) 2009 - Present : Financial Controller of Beijing Honghui Dongtai Investment Management Co., Ltd.
- 5) 2005 - 2010 : Financial Controller of Shanxi Linxian Xinyao Coal Mine
- 6) 1993 - 2009 : Chairman of Jiaozuo Huanghe Magnesium Alloy Co., Ltd.

He was appointed as Independent Non-Executive Director of NWP Holdings Berhad on 22 April 2019 and retired on 21 January 2020.

OOI JIT HUAT

- Independent Non-Executive Director
- 69 years of age, Malaysian, Male
- Appointed to the Board on 17 April 2019
- Appointed as Chairman of ARMC and Remuneration Committee on 6 May 2019
- Appointed as member of Nomination Committee on 6 May 2019

Ooi Jit Huat is a Chartered Accountant of Malaysian Institute of Accountants and also a member of the Malaysian Institute of Taxation.

He started his career at Peat Marwick Mitchell & Co in London and Kuala Lumpur from 1980 to 1982. He then founded his own public accounting firm, Russ Ooi & Associates in 1985. He has more than 32 years of experience in the financial industry specializing in corporate finance consultancy, auditing and investigations, corporate exercises involving public listed companies.

He sits on the Board of Kwantas Corporation Berhad and Priceworth International Berhad as Independent Non-Executive Director.

He does not have any interest in shares in the Company.

KOO JENN MAN

- Non-Independent Non-Executive Director
- Member of the ARMC
- Aged 47, Malaysian, Male
- 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 started his career as an audit assistant at PricewaterhouseCooper, Kota Kinabalu in 1997. He was made a Senior Associate in 2000, a position he held for 3 years. In 2003, he joined Priceworth International Berhad ("Priceworth"), a public company listed on the Main Market that is involved in timber processing, log trading, shipyard, oil and gas.

He is currently the Executive Director of Priceworth 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 (0.19%) ordinary shares in the company.

Additional Information:

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 have:*
 - (i) *any conflict of interest with the Company;*
 - (ii) *been convicted of any offence (other than traffic offence (other than traffic offences, if any) within the past 5 years; and*
 - (iii) *been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 13 to 15.*

KEY SENIOR MANAGEMENT PROFILE

LIM NYUK FOH

Executive Director
Age 56, Malaysian, Male

Our Executive Director, Mr Lim Nyuk Foh, heads the management team. He is the Key Senior Management and his profile as set out in the Board of Directors' Profiles on page 13 of this Annual Report.

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 2019. 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 and Risk Management Committee ("ARMC") 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 ARMC in overseeing the risk management issues of the Group and to report to the ARMC directly on the Group's overall co-ordination of risk management activity and ensuring that the necessary processes are in place.

RISK MANAGEMENT

As guided by enterprise risk management framework of Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), the Board has formalised risk management organization structure, policies and procedures and the risk management processes in identifying, evaluating and managing significant risks facing the organization. These processes are driven by the Executive Directors and management in their course of work. The Group's risk identification will be categorised based on four (4) main factors such as strategic risk, operational risk, financial risk and compliance risk.

During the financial year, one risk assessment exercise was conducted and there were five (5) main risks identified at the Group level as follows:

1. Sustainability of the business;
2. Lack of succession plan for Managing Director;
3. Difficulty in securing project financing;
4. Lack of compliance to rules and regulations; and
5. Slowdown in the property market.

These risks were presented to the ARMC for deliberation.

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:

- The 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

Prior to finalisation of this Statement, the Board had reviewed the current Group's Risk Profile and the management's risk management responsibilities 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 the Managing Director and Executive 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 of Bursa Securities, the External Auditors had reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2019. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Bertam Alliance Berhad (“BERTAM” or “the Company”) is committed to ensure high standards of Corporate Governance are practised throughout the Company and its subsidiaries (“the Group”) to safeguard shareholders’ investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group’s Corporate Governance practices and procedures with a view to ensure the principles and recommendation in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 (“MCCG”) are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the CG Report 2019 (“CG Report”) which is available at the corporate website at www.bertamalliance.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES

1.1 Strategic aims, values and standards

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is the one that made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group’s performance and critical business issues and ultimately the enhancement of long-term shareholders’ value. It monitors and delegates the implementation of the strategic direction to Management.

The Directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, regulatory and operations which is relevant to the Group. A brief profile of each individual Directors is set out in this Annual Report.

The Board’s role is to oversee the performance of the Management to determine whether the business is properly managed. To oversee the conduct of the Group’s business and financial performance, the Board would meet every quarter together with the Management, namely Executive Director and the external Company Secretaries to discuss and deliberate on the several agendas put forth at the Board meetings. During such meetings, the Board participated actively in the discussion on the performance of the Company and assessed the performance of the Management.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic aims, values and standards (Cont'd)

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

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

As part of its effort to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:

- Nomination Committee;
- Remuneration Committee; and
- Audit and Risk Management Committee.

The Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which includes the key issues deliberated at the Committee's meetings. The Board Committees discharge their duties in accordance to the Terms of Reference approved by the Board.

1.2 The Chairman of the Board

The current Chairman of the Company, Datuk Mohamed Arsad Bin Sehan is an Independent Non-Executive Chairman. The Chairman has been acting as facilitator at meetings of Directors and ensure smooth functioning of the Board in the interest of good corporate governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

The responsibilities of the Chairman are clearly defined in the Board Charter.

1.3 Separation of the positions of the Chairman and Managing Director (“MD”)

The MD, who is an employee of the Company, is tasked to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation. There is a clear division of responsibilities between the Chairman and the MD to ensure the balance of power and authority.

The Chairman is responsible for the leadership and effectiveness of the Board, conduct and governance of the Board, while the MD is responsible to carry out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

During the financial year ended 31 December 2019, two different individuals hold the positions of the Chairman and the MD. On 22 November 2019, Mr Lim Nyuk Foh re-designated from MD to Executive Director and at the same day, Mr Liu Shenghui appointed as Acting MD. Subsequently, on 20 March 2020, Mr Liu Shenghui was re-designated from Acting MD to Non-Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.4 Qualified and Competent Company Secretaries

In compliance with Practice 1.4 of the MCCG, the Board is supported by two (2) External Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretaries provides the required support to the Board in carrying out its fiduciary duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation to the Board.

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.

The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility which include:

- assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;
- administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders,
- acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between Management and the Directors;
- advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;
- advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;
- monitoring compliance with the Act, the MMLR and the Constitution of the Company;
- facilitating orientation of new director;
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

1.5 Access of Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification or further explanation from advisers, Management and/or Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions or decisions made are recorded in the minutes of meetings by the Company Secretaries.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.5 Access of Information and Advice (Cont'd)

In addition, all Directors have direct access to the advice, services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to, and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. where necessary, the Senior Management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the Senior Management team.

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

Senior Management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board.

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

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

During the year under review, five (5) Board meetings were held during the financial year ended 31 December 2019. Set out below is the record of attendance of the Board Member:-

Name of Directors	No. of Meetings Attended
Datuk Mohamed Arsad Bin Sehan	5/5
Mr Lim Nyuk Foh (re-designated from MD to Executive Director on 22 November 2019)	5/5
Mr Chiew Boon Chin	5/5
Mr Koo Jenn Man	5/5
Mr Ooi Jit Huat (Appointed on 17 April 2019)	3/3
Liu ShengHui (Appointed as Acting MD on 22 November 2019 and re-designated from Acting MD to Non-Independent Non-Executive Director on 20 March 2020)	0/1
Encik Mohd Azwan Bin Abdul Lamat (Appointed on 22 November 2019 and resigned on 19 March 2020)	0/1
Mr Lim Shaw Keong @ Alfred Lim (Resigned on 30 April 2019)	2/2

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

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting ("AGM"). At the end of each Board and Audit and Risk Management Committee meetings, the date of the next meetings is to be re-confirmed.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

2.1 Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for Directors in relation to the Board's role, powers, duties and functions.

The Board reviews the Board Charter regularly to ensure it complies with legislations and best practices; and remains relevant and effective at the prevailing time and business environment.

The Board Charter clearly set out the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter.

The Board reviewed the Board Charter on 17 April 2019 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG and MMLR, where possible or relevant.

The Board Charter is available on the Company's website at www.bertamalliance.com.

3.1 Code of Ethics and Conduct

The Board has adopted a Code of Ethics which outlines their standards of ethical behavior in discharging their duties and responsibilities. This Code aims to enhance the standard of corporate governance and behavior 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.

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. The Board is responsible for overseeing the implementation of the Whistle Blowing Policy for Directors, and all whistle-blowing reports are addressed to the Chairman of the Board. The Board will review the Whistle Blowing Policy when necessary to ensure it remains relevant and appropriate. The Whistle Blowing Policy is available on the Corporate's website at www.bertamalliance.com.

As at the date of this Statement, the Board is in the midst of finalizing the Whistle Blowing Policies and Procedures to be incorporated with Anti-Bribery and Corruption Manual which governs the prevention of corruption and unethical practices within the Group.

PRINCIPLE A: PART 2 - BOARD COMPOSITION

4.1 Board Composition

As of the date of this statement, the Board is currently led by Datuk Mohamed Arsad Bin Sehan, a Senior Independent Non-Executive Chairman, and is made up of six (6) members (including Chairman) which comprising:

- (a) two (2) Executive Directors;
- (b) one (1) Senior Independent Non-Executive Chairman;
- (c) one (1) Independent Non-Executive Director; and
- (d) two (2) Non-Independent Non-Executive Directors.

As stated in the Board Charter, the Board shall consist of qualified individuals with diverse experience, background and perspective. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. At any one time, at least one-third (1/3) of the Board members shall be Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.1 Board Composition (Cont'd)

The Board views that it has the right balance of skills and experience appropriate for the requirements of the business, that no individual dominated the decision-making process and that the Board has operated effectively throughout the year and is confident that it will continue to do so.

The Board, through the Nomination Committee, having reviewed the size and complexity of the Group's operations, is of the view the size of the Board is appropriate. Nevertheless, the Board is receptive to revamp the composition of members to ensure that the Board can function more effectively.

The Board is led by the Chairman who is an Independent Non-Executive Director whose role is clearly separated from the role of the Executive Directors to ensure a balance of power and authority. The role of the Chairman is providing leadership to the Board, monitor and manage the workings of the Board, especially the conduct of Board meetings. The Chairman ensures that all relevant issues for the effective running of the Group's businesses are on the agenda and the quality information to facilitate decision-making is delivered to Board members on a timely basis. Other than that, the Chairman encourages active participation amongst the Board members and allows dissenting views of Board members to be freely expressed. Furthermore, the role of Chairman is setting the Board agenda in consultation with the Executive Directors and Company Secretaries for the Board.

The Executive Directors are tasked to develop strategic direction of the Company and the Group. Other than that, the Executive Directors are responsible to carry out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis. The Executive Directors provide directions in the implementation of short and long-term business plans. In connection therewith, the Executive Directors keep the Board informed of the overall operations and ensure sufficient information are distributed to the Board. Nevertheless, the Executive Directors should ensure the day-to-day business affairs of the Group are effectively managed.

The Independent Directors play a significant role as check and balance in the functioning of the Board. They have declared themselves to be independent from management and free of any business or other relationship which could interfere with the exercise of their judgment and objective participation and decision-making process of the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties.

4.2 Tenure of Independent Director

Under the MCCG, the tenure of Independent Directors should not exceed a 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. The MCCG further recommends that if the Board desires to retain such director as an Independent Director, it may justify and seek the shareholders' approval. In the event where any Independent Director has served the Board for a cumulative term of nine (9) years, the Nomination Committee will assess and decide whether he/she can remain as an Independent Director. In such a situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting and to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Director beyond the 9-year tenure. If the Board continues to retain the Independent Director after the 12th year, the Board will seek shareholders' approval under a two-tier voting process.

The Board is of the view that the length of tenure should not be a criterion affecting a director's independence. As long serving Directors, they have proven that their working experiences, networking and familiarization with the business operations and are able to contribute actively in the Board or Committee Meetings without compromising their independent judgement. The Board, through the Executive Directors, undertakes annual assessment of the independence of the affected Independent Directors as it believes the Executive Directors who have intimate working relationship amongst the Directors are well placed to ascertain their independence.

During the financial year under review, none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.3 Diversity of the Board and Senior Management

The Board Charter specifies that, as a matter of policy, the Board shall consist of qualified individuals with diverse experience, background and perspective and the Board has taken into consideration the varied mix of board diversity, skill-set and qualification of candidates chosen to be members of the Board.

The Board has established a Diversity Policy to set out the approach for achieving diversity for the Company. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, and knowledge.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to whether the tough times. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

4.4 Boardroom and Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. The Board will consider females onto the Board in due course to bring about a more diverse perspective.

4.5 Appointments to the Board

The Nomination Committee is responsible for reviewing the Board's composition and recommending to the Board the appointment of new directors by evaluating and assessing the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

The Nomination Committee is also empowered to bring to the Board, recommendation as to the appointment of any new Director or to fill board vacancies as and when they arise. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

- i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision-making process of the Board;
- iii) to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- iv) to prepare a description of the role and capabilities required for a particular appointment;
- v) identifying and nominating for the approval of the Board, the candidates to fill board vacancies as and when they arise;
- vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;
- vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
- viii) to recommend to the Board concerning the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Constitution.

There were several changes to the Board composition during the financial year ended 31 December 2019. Lim Shaw Keong @ Alfred Lim has resigned as an Independent Non-Executive on 30 April 2019. On 22 November 2019, Mr Lim Nyuk Foh has been re-designated from Managing Director to Executive Director, Mr Liu ShengHui was appointed as the Acting Managing Director and Encik Mohd Azwan Bin Abdul Lamat was appointed as a Non-Independent Non-Executive Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.6 Criteria for Recruitment

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

Generally, the Board adopts a flexible approach when selecting and appointing new Directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board.

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

In general, the process for the appointment of a Director to the Board are as follows:

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

Factors considered by the Nomination Committee when recommending a person for appointment as a Director include:

- (i) The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- (ii) The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that he/she has sufficient time to effectively discharge his/her duties; and
- (iii) The extent to which the appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board.

4.7 Nomination Committee

As recommended by the MCCG, 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.

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

Chairman	:	Datuk Mohamed Arsad Bin Sehan (Senior Independent Non-Executive Director)
Member	:	Ooi Jit Huat (Independent Non-Executive Director) (Appointed on 6 May 2019)

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)****4.7 Nomination Committee (Cont'd)**

The Nomination Committee shall meet at least once a year unless otherwise determine by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an Independent Director.

The terms of reference of the Nomination Committee reviewed on 17 April 2019 which can be viewed at the Company's website at www.bertamalliance.com.

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2019:

- i) Reviewed and recommended to the Board, the re-designation of the Managing Director to Executive Director of the Company;
- ii) Reviewed and recommended to the Board, the appointment of the Managing Director of the Company;
- iii) Reviewed and recommended to the Board, the appointment of a Non-Independent Non-Executive Director of the Company;
- iv) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- v) Reviewed the Independence of Independent Directors;
- vi) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company; and
- vii) Reviewed the revised Terms of Reference of the Nomination Committee to align with the MMLR and MCCG.

4.8 Directors' Training

Due to the ever-increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness as members of the Board and enable them to fulfil their responsibilities and to discharge their duties effectively.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Listing Requirements. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities at every Board meeting. The Directors also will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the Company operates in order to discharge their duties and responsibilities more effectively.

Updates on the MCCG, the Act and the MMLR were given by the Company Secretaries to all Directors to facilitate knowledge enhancement in the areas of the Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, trainings, workshops and conference to update their knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.8 Directors' Training (Cont'd)

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2019, the following training programmes and seminars were attended by the Directors: -

Director	Seminars / Conferences / Training Programmes Attended
Datuk Mohamed Arsad Bin Sehan	<ul style="list-style-type: none"> Understanding Financial Reporting and Implication of Inaccurate and Delay in Reporting Demystifying The Diversity Conundrum : The Road to Business Excellence Evaluating Effective Internal Audit Function - Audit Committee's Guide On How To Corporate Liability, Adequate Procedures and ISO 37001 Briefing by Dr. Mark Lovatt, CEO of Trident Synergy Solutions Sdn Bhd Ethics and Governance - Pillars of a Successful Business by Mr. Pankaj
Mr Lim Nyuk Foh	<ul style="list-style-type: none"> Ethics and Governance - Pillars of a Successful Business by Mr. Pankaj Financial Reporting, understanding the roles of Board, Audit Committee, Company Secretary, Management & Auditors on timeliness & accuracy of reporting Understanding Financial Reporting and Implications of Inaccurate & Delay in Reporting
Mr Chiew Boon Chin	<ul style="list-style-type: none"> Understanding Financial Reporting and Implications of Inaccurate & Delay in Reporting Financial Reporting, understanding the roles of Board, Audit Committee, Company Secretary, Management & Auditors on timeliness & accuracy of reporting Bursa Thought Leadership: The Convergence of Digitisation and Sustainability
Mr Ooi Jit Huat (Appointed on 17 April 2019)	<ul style="list-style-type: none"> National Tax Conference 2019 2020 Budget Seminar
Mr Koo Jenn Man	<ul style="list-style-type: none"> Financial Reporting, understanding the roles of Board, Audit Committee, Company Secretary, Management & Auditors on timeliness & accuracy of reporting Seminar Percukaian Kebangsaan 2019 Understanding Financial Reporting and Implications of Inaccurate & Delay in Reporting

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE A: PART 2 -BOARD COMPOSITION (CONT'D)****5.1 Criteria for Board Assessment**

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 annually 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 AGM, with a view to meeting current and future requirements of the Group.

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

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

During the financial year ended 31 December 2019, the Nomination Committee conducted an annual assessment of its Directors and the effectiveness of the Board of Directors as a whole in terms of board mix and composition, boardroom activities and board's relationship with Management. It also conducted an assessment of the Directors who are subject to retirement by rotation at the forthcoming 26th AGM in accordance with the provisions of the Constitution of the Company and relevant provisions of the Act and the MCCG. Upon recommendation by the Nomination Committee of the proposed re-election of the relevant directors, the Board had recommended the re-election of the relevant Directors to be tabled at the forthcoming 26th AGM for shareholders' approval.

PRINCIPLE A: PART 3 -REMUNERATION**6.1 Directors' remuneration procedures and policies**

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

6.2 Remuneration Committee

In line with the best practices of the MCCG, the Board has set up a Remuneration Committee which would comprise majority of Independent Non-Executive Directors to assist the Board for determining the Director's remuneration.

As of the date of this Statement, the present members of the Remuneration Committee are as follow:-

Chairman	:	Ooi Jit Huat (Independent Non-Executive Director) (Appointed on 6 May 2019)
Member	:	Datuk Mohamed Arsad Bin Sehan (Senior Independent Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 3 - REMUNERATION (CONT'D)

6.2 Remuneration Committee

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the Directors and Senior Management, including the terms and remuneration of the Executive Director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The remuneration of Directors and Senior Management is determined at levels which enable the Company to attract and retain Directors and Senior Management with the relevant experience and expertise to govern the Group effectively.

The terms of reference of the Remuneration Committee reviewed on 17 April 2019 which can be viewed at the Company's website at www.bertamalliance.com.

7.1 Details of the remuneration of Directors

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

A summary of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the financial year ended 31 December 2019 is as follows: -

	Non-Independent Executive Directors RM'000	Independent Non- Executive Directors RM'000	Non-Independent Non-Executive Director RM'000
Fees	72	97.3	36
Salaries and Other Emoluments	645.4	7.5	2.5
Total	717.4	104.8	38.5

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

7.2 Remuneration of Top Five Senior Management

In determining the remuneration packages of the senior management personnel, factors that were taken in consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the senior management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the senior management personnel which is a combination of annual salary, bonus and benefits-in kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE

On 17 April 2019, the Board announced its decision to combine the Audit Committee and Risk Management Committee of the Company together and renamed it as Audit and Risk Management Committee ("ARMC") in order to better reflect the ARMC's role in supporting the Board to discharge its responsibilities. The ARMC assists the Board in overseeing the financial reporting of the Group and ensuring the financial statement are drawn up in accordance with the applicable accounting standards in Malaysia and provisions of the Companies Act, 2016.

A detailed report of the ARMC can be found on pages 35 to 36 of this Annual Report 2019.

8.1 The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board

The Company complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit and Risk Management is not the Chairman of the Board.

As of the date of this Statement, Mr Ooi Jit Huat, who was appointed as the Chairman of ARMC on 6 May 2019 and is an Independent Non-Executive Director. The Chairman of the ARMC is also a member of Malaysian Institute of Accountants.

8.2 Former audit key partner

Practice 8.2 of the MCCG requires the Audit and Risk Management Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as member of the Audit and Risk Management Committee.

The ARMC had amended its Terms of Reference to reflect the latest requirements in Practice 8.2 of the MCCG.

8.3 Suitability, objectivity and independent of the external auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the ARMC and Board of Directors on matters that require the Board's attention.

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

In assess or determine the suitability and independence of the External Auditors, the Audit and Risk Management Committee has taken into consideration of the following:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

8.3 Suitability, objectivity and independent of the external auditors (Cont'd)

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

In presenting the Audit Planning Memorandum to the ARMC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the ARMC and the Board for the financial year ended 31 December 2019.

The ARMC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs PKF as the External Auditors of the Company for the financial year ending 31 December 2020.

8.4 Qualification of the ARMC

All ARMC members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

One (1) of the ARMC members is the member of the Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Paragraph 15.09(1)(c)(i) of the MMLR which requires at least one (1) of the ARMC members to be a member of the MIA.

ARMC members acknowledge the need for continuous education trainings, however, for the year under review, some members of the ARMC attended training on the developments in accounting and auditing standards, practices and rules. All Audit and Risk Management Committee members will attend at least one training in financial year 2019 which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

8.5 Composition of the ARMC

The ARMC comprises three (3) Non-Executive Directors of which two (2) of the ARMC members are Independent Directors.

As of the date of this Statement, the present members of the ARMC are Mr Ooi Jit Huat (Chairman) (Appointed on 6 May 2019), Datuk Mohamed Arsad Bin Sehan and Koo Jenn Man. This composition complied with the MMLR.

The Terms of Reference and the summary activities of the ARMC are set out in the ARMC Report.

PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Establishment of risk management and internal control framework

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

9.1 Establishment of risk management and internal control framework (Cont'd)

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

9.2 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 17 to 18 of this Annual Report.

10.1 Internal Audit Function

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the Audit and Risk Management Committee on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's systems of internal control and report to the Audit and Risk Management Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the Audit and Risk Management Committee Report on pages 35 to 36 of this Annual Report.

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER

11.1 Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities and the internal developed Corporate Disclosure Policy. The Group practices open communication with its investors.

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

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

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. Management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER (CONT'D)

11.2 Leverage on Information Technology for Effective Dissemination of Information

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

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

PRINCIPLE C: PART 2 – CONDUCT OF GENERAL MEETINGS

12.1 Notice for an AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The Notice of AGM and Annual Report are sent out to shareholders at least 21 days before the date of meeting in compliance with the Companies Act, 2016 and MMLR of Bursa Securities. For the upcoming 26th AGM, at least 28 days notice will be provided to the shareholders before the meeting to ensure that shareholders are given sufficient time to consider the resolutions that will be discussed and decided at the 26th AGM.

12.2 Attendance of Directors at General Meetings

The Company's AGM is the principal forum for dialogue and interaction with its shareholders at which the shareholders will be informed and updated on current developments of the Group.

The Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders.

All the members of the Board and the respective chairmen of the Board Committees will be present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors will also attend the AGM and would be available to answer questions from the shareholders pertaining to audit matters and the auditor's report.

12.3 Poll Voting

In line with Paragraph 8.29A of the MMLR, 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.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant MMLR for the financial year ended 31 December 2019. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business. This Statement is made in accordance with the resolution of the Board dated 23 June 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board had approved the merger of the Audit Committee and Risk Management Committee to be known as the “Audit and Risk Management Committee” effective from 17 April 2019. The rationale of the merger of the two (2) Board Committee is to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

COMPOSITION OF ARMC

The Audit and Risk Management Committee (“ARMC”) comprises of three (3) members of the Board, majority of whom are Non-Executive Directors and two (2) of whom are Independent Directors.

As of the date of this Statement, the present composition of the ARMC and their respective designation and directorate are as follows:

Name	Designation	Current Directorship
Ooi Jit Huat	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 ARMC Chairman, Mr Ooi Jit Huat, is a Chartered Accountant of the Malaysian Institute of Accountants. The ARMC possesses a wide range of necessary skills to discharge its duties and is financially literate and able to understand matters under the purview of the ARMC including the financial reporting process.

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2019

The ARMC held a total of five (5) meetings. Details of attendance of the ARMC are as follows:

Name of Committee Member	Attendance
Datuk Mohamed Arsad Bin Sehan	5/5
Koo Jenn Man	5/5
Ooi Jit Huat (Appointed on 6 May 2019)	3/3

In carrying out its duties, the ARMC reported to and updated the Board on significant issues and concerns discussed during the ARMC’s meetings and where appropriate, made necessary recommendations to the Board. The Company Secretary was responsible to record all proceedings and minutes of all meetings of the ARMC.

TERMS OF REFERENCE

The duties and responsibilities of the ARMC are spelt out in the Terms of Reference of the ARMC, a copy of which is available in the Company’s website.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2019

The key activities undertaken by the ARMC during the financial year ended 31 December 2019 were summarised as follows:

- reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group’s results to Bursa Securities;
- reviewed and engaged with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2019;
- reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group’s results to Bursa Securities;
- reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management’s response to these recommendations;
- evaluated the performance of the external auditors for the financial year ended 31 December 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- f) reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- h) reviewed the effectiveness of the Group's system of internal control;
- i) reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- j) reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- k) reviewed the Company's compliance with the MMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- m) reviewed the Terms of Reference of the ARMC; and
- n) reported to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm, GovernAce Advisory & Solutions Sdn. Bhd. ("GovernAce"). The outsourced Internal Auditors report to the Audit & Risk Management Committee and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

Details on the person responsible for the internal audit are set out below:

Name: Chong Chee Seng

Qualification: Certified Internal Auditor ("CIA"), Certified Practising Accountant with CPA Australia ("CPA"), a Chartered Member of Institute of Internal Auditors Malaysia ("CMIIA") and Accountants registered with Malaysian Institute of Accountants ("MIA")

Independence: Does not have any family relationship with any director and/or major shareholder of the Company.

During financial year 2019, there were four personnel with relevant qualification in internal auditing assigned to carried out the internal audit review of the Group.

The main role of the internal audit function is to provide the Board, through the Audit and Risk Management Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

After review, the Audit and Risk Management Committee noted that the internal audit function of the Company is independent and the Internal Auditors have performed with impartiality, proficiency and due professional care.

The internal control review procedures performed by the internal audit team are guided by International Professional Practices Framework issued by The Institute of Internal Auditors Inc. and designed to understand and evaluate risks, and related controls to determine the adequacy and effectiveness of the risk and control structures and processes and also to provide recommendations for further improvement. The internal audit procedures used consist of process evaluations through interviews with relevant personnel involved, review of process flows provided and observations. Thereafter, samples are being selected and analysed during the testing of controls for the respective audit areas.

With limited business activities during the financial year 2019, the Internal Auditors had carried out independent assessment on the adequacy and competency of the Finance and Accounting resources in accordance with their Audit Planning which was approved by the Audit and Risk Management Committee:-

The internal audit fee incurred for the financial year ended 31 December 2019 is RM11,000.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 December 2019.

Results

	Group RM	Company RM
Loss for the financial year attributable to:		
Owners of the Company	(15,807,232)	(106,509,535)
Non-controlling interests	(2,879)	-
	<u>(15,810,111)</u>	<u>(106,509,535)</u>
Total comprehensive loss for the financial year attributable to:		
Owners of the Company	(15,807,232)	(106,509,535)
Non-controlling interests	(2,879)	-
	<u>(15,810,111)</u>	<u>(106,509,535)</u>

Reserves and provisions

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

Dividends

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 31 December 2019.

Directors

The Directors who have held office during the financial year and up to the date of this report are:

Chiew Boon Chin

Datuk Mohamed Arsad Bin Sehan

Koo Jenn Man

Lim Nyuk Foh

Ooi Jit Huat

Liu ShengHui (Appointed on 22 November 2019)

Mohd Azwan Bin Abdul Lamat (Appointed on 22 November 2019 and resigned on 19 March 2020)

Lim Shaw Keong @ Alfred Lim (Resigned on 30 April 2019)

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT**Directors (continued)**

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the list of the Directors of the subsidiaries during the financial year and up to date of this report are as follows:

Chiew Boon Chin
Chong Yew Hon
Gan Aik Hin
Lim Nyuk Foh
Quek Lip Arl

Directors' interests in shares

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

Direct interest:	Number of ordinary shares			At 31.12.2019
	At 1.1.2019	Bought	Sold	
Lim Nyuk Foh	37,700,000	-	-	37,700,000
Liu Sheng Hui	-	28,920,000	-	28,920,000
Koo Jenn Man	393,500	-	-	393,500

The Directors above, by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest, in accordance with Section 8 of the Companies Act, 2016.

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

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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, except as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM867,700 and RM860,700 respectively.

Indemnity and insurance for Directors, officers and auditors

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year ended 31 December 2019 amounted to RM31,810.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 18 to the financial statements.

Issues of shares and debentures

The Company did not issue any new 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.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT**Other statutory information (continued)**

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

- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Significant event

The detail of significant event is disclosed in Note 34 to the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

DIRECTORS' REPORT

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and the Company are amounted to RM217,000 and RM93,000 respectively.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIM NYUK FOH
Director

CHIEW BOON CHIN
Director

Kota Kinabalu

Dated 30 June 2020

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

In the opinion of the Directors, the accompanying financial statements set out on pages 46 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIM NYUK FOH
Director

CHIEW BOON CHIN
Director

Kota Kinabalu

Dated 30 June 2020

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) 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 accompanying financial statements set out on pages 46 to 125 are in my opinion 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 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed LIM NYUK FOH)
at Kota Kinabalu in the state of Sabah)
on 30 June 2020)

LIM NYUK FOH

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Disclaimer Opinion

We were engaged to audit the financial statements of BERTAM ALLIANCE BERHAD, which comprise the statements of financial position as at 31 December 2019 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 46 to 125.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) *Ability of the Group to continue as a going concern*

We draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred a net loss of RM15,810,111 and RM106,509,535, respectively during the financial year ended 31 December 2019 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM32,291,742 and RM71,570,688 respectively. The current liabilities include material obligations to Inland Revenue Board and Royal Malaysian Customs Department in relation to tax payable, tax penalty and Goods and Service Tax payable respectively. Further, the Group has defaulted in repayment of one of its bank borrowings.

The Company is 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 and is required to submit its regularisation plan to the regulatory authorities within the stipulated timeframe under the Main Market Listing Requirements.

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of their preparation by management. The use of the going concern assumption depends on: (i) the timely submission of the regularisation plan to and approval by the regulatory authorities; (ii) capital injection by prospective investors into the Company by way of proposed private placements for working capital purposes and regularisation of the defaulted loan; (iii) the ability of the Group to generate sufficient cashflows from the proposed property development to be undertaken by the Group and/or with potential joint venture partners; and (iv) approval of the application to settle tax payables including penalties on an instalment basis over Ten (10) years by the Inland Revenue Board.

These factors above indicate presence of multiple material uncertainties that are significant to the financial statements. However, notwithstanding this, the Group has prepared its financial statements based on the assumption that it would continue to operate as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

(continued)

Basis for Disclaimer of Opinion (continued)

(1) *Ability of the Group to continue as a going concern (continued)*

Based on our evaluation of the above factors considered by the Directors, we determined there are insufficient evidences to address the multiple material uncertainties and the financial statements do not include adjustments and reclassifications that may be necessary as a result of these uncertainties.

(2) *Valuation of inventories (land held for property development)*

We are unable to satisfy ourselves as to the appropriateness of the underlying basis and assumptions used by the Directors in arriving at recoverable values of inventories for the purpose of determining their net realisable values and therefore unable to ascertain if any adjustments to write down inventories with carrying amounts of RM198,244,256 would be required.

(3) *Discount on loans to subsidiaries*

We are unable to obtain sufficient appropriate audit evidence on the existence, completeness, accuracy and valuation of the carrying amount of discount on loans to subsidiaries of the Company amounting to RM16,412,737 as disclosed in the Note 18 to the financial statements.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, 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 have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BERTAM ALLIANCE BERHAD**

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

(continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that in our opinion:

- (a) the accounting and other records for the matter as described in the Basis for Disclaimer of Opinion section have not been properly kept by the Company in accordance with the provision of the Act.
- (b) we have not obtained all the information and explanations that we required.

Other Matter

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 contents of this report.

PKF
AF 0911
CHARTERED ACCOUNTANTS

Kota Kinabalu

Dated 30 June 2020

CHAU MAN KIT
02525/03/2022 J
CHARTERED ACCOUNTANT

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	5	10,575,885	817,139	-	-
Cost of sales		(9,702,375)	(2,873,096)	-	-
Gross profit/(loss)		<u>873,510</u>	<u>(2,055,957)</u>	<u>-</u>	<u>-</u>
Interest income	6	174,292	1,636,328	50,173	696,755
Other operating income	7	1,009,960	4,283,740	381,206	2,885,448
Administrative expenses		(19,695,697)	(8,810,561)	(2,274,890)	(4,176,934)
Other operating expenses	8	(117,607)	(94,947)	(104,361,760)	(300,107)
Loss from operations	11	<u>(17,755,542)</u>	<u>(5,041,397)</u>	<u>(106,205,271)</u>	<u>(894,838)</u>
Finance costs	12	(1,192,024)	(362,362)	(300,664)	(330,642)
Loss before taxation		<u>(18,947,566)</u>	<u>(5,403,759)</u>	<u>(106,505,935)</u>	<u>(1,225,480)</u>
Income tax expense	13	3,137,455	(15,008,359)	(3,600)	(24,689)
Loss for the financial year/Total comprehensive loss for the financial year		<u>(15,810,111)</u>	<u>(20,412,118)</u>	<u>(106,509,535)</u>	<u>(1,250,169)</u>
Loss attributable to:					
Owners of the Company		(15,807,232)	(20,409,769)	(106,509,535)	(1,250,169)
Non-controlling interest		(2,879)	(2,349)	-	-
		<u>(15,810,111)</u>	<u>(20,412,118)</u>	<u>(106,509,535)</u>	<u>(1,250,169)</u>
Loss per share attributable to owners of the Company (sen per share)					
Basic	14	<u>(7.64)</u>	<u>(9.87)</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

ASSETS	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Non-current assets					
Property, plant and equipment	15	3,665,450	9,530,142	3,418,162	9,033,427
Investment properties	16	5,267,390	-	5,267,390	-
Inventories	17	198,244,256	80,999,398	-	-
Investments in subsidiary companies	18	-	-	58,211,537	82,793,711
Goodwill	19	89,534	89,534	-	-
Other investments	20	-	538,874	-	-
		<u>207,266,630</u>	<u>91,157,948</u>	<u>66,897,089</u>	<u>91,827,138</u>
Current assets					
Inventories	17	551,640	129,069,827	-	-
Trade and non-trade receivables	21	2,023,172	3,376,161	790,293	73,906,711
Tax recoverable		1,290,066	2,841,227	132,000	132,000
Cash and cash equivalents	22	449,041	26,011,545	360,019	7,964,367
		<u>4,313,919</u>	<u>161,298,760</u>	<u>1,282,312</u>	<u>82,003,078</u>
TOTAL ASSETS		<u>211,580,549</u>	<u>252,456,708</u>	<u>68,179,401</u>	<u>173,830,216</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	206,756,497	206,756,497	206,756,497	206,756,497
Accumulated losses	24	(36,317,778)	(20,510,546)	(215,960,396)	(109,450,861)
		<u>170,438,719</u>	<u>186,245,951</u>	<u>(9,203,899)</u>	<u>97,305,636</u>
Non-controlling interests		(151,993)	(149,114)	-	-
TOTAL EQUITY		<u>170,286,726</u>	<u>186,096,837</u>	<u>(9,203,899)</u>	<u>97,305,636</u>
Non-current liability					
Loans and borrowings	25	4,688,162	19,970,231	4,530,300	5,015,687
Current liabilities					
Trade and non-trade payables	26	17,997,620	14,145,789	72,367,000	71,022,893
Loans and borrowings	25	4,357,917	15,124,926	486,000	486,000
Taxation	27	14,250,124	17,118,925	-	-
		<u>36,605,661</u>	<u>46,389,640</u>	<u>72,853,000</u>	<u>71,508,893</u>
TOTAL LIABILITIES		<u>41,293,823</u>	<u>66,359,871</u>	<u>77,383,300</u>	<u>76,524,580</u>
TOTAL EQUITY AND LIABILITIES		<u>211,580,549</u>	<u>252,456,708</u>	<u>68,179,401</u>	<u>173,830,216</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Group	Note	Attributable to the owners of the Company		Distributable Accumulated losses RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Non-distributable Other reserve RM			
At 1 January 2018		206,756,497	(14,865,154)	14,764,377	(146,765)	206,508,955
Reclassification		-	14,865,154	(14,865,154)	-	-
Total comprehensive loss for the financial year		-	-	(20,409,769)	(2,349)	(20,412,118)
At 31 December 2018		206,756,497	-	(20,510,546)	(149,114)	186,096,837
Total comprehensive loss for the financial year		-	-	(15,807,232)	(2,879)	(15,810,111)
At 31 December 2019		206,756,497	-	(36,317,778)	(151,993)	170,286,726

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Company	Note	Attributable to the owners of the Company		Total equity RM
		Non-distributable Share capital RM	Distributable Accumulated losses RM	
At 1 January 2018		206,756,497	(108,200,692)	98,555,805
Total comprehensive loss for the financial year		-	(1,250,169)	(1,250,169)
At 31 December 2018		206,756,497	(109,450,861)	97,305,636
Total comprehensive loss for the financial year		-	(106,509,535)	(106,509,535)
At 31 December 2019		206,756,497	(215,960,396)	(9,203,899)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities					
Loss before taxation		(18,947,566)	(5,403,759)	(106,505,935)	(1,225,480)
Adjustments for:					
Bad debts recovered		-	(60,000)	-	-
Bad debts written off		500	63	-	-
Deposits forfeited		(1,000)	(54,000)	-	-
Deposits written off		-	82,000	-	-
Depreciation of property, plant and equipment		455,760	646,252	205,866	338,876
Depreciation of investment properties		142,729	-	142,729	-
Loss/(Gain) on disposal of property, plant and equipment		6,712	(184,333)	-	1,417
Gain on disposal of other investment		(46,064)	(2,726,144)	-	-
Impairment loss on investments in subsidiary companies		-	-	24,582,174	300,107
Impairment loss on land held for property development		10,906,002	-	-	-
Impairment loss on receivables		117,607	-	-	-
Impairment loss on other investments		-	94,947	-	-
Impairment on amount due from subsidiary companies		-	-	79,779,586	-
Interest expenses		1,192,024	2,696,470	330,642	330,642
Interest income		(174,292)	(1,636,328)	(50,173)	(696,755)
Liabilities no longer in existence written back		-	(9,520)	-	-
Property, plant and equipment written off		-	122,158	-	-
Reversal of allowance for amount due from subsidiary companies		-	-	-	(2,776,473)
Reversal of allowance for impairment on receivables		567,821	-	-	-
Reversal of provision of liquidated damages		-	(990,983)	-	-
Operating loss before working capital changes		(5,779,767)	(7,150,177)	(1,515,111)	(3,727,666)
Change in inventories		707,173	(22,619,830)	-	-
Change in receivables		667,061	11,175,447	1,280,645	(1,640,541)
Change in payables		3,852,831	1,122,298	1,030,288	(222,340)
Cash (used in)/generated from operations		(552,702)	(17,472,262)	795,822	(5,590,547)
Income tax paid		(95,095)	(509,515)	(3,600)	(125,563)
Income tax refunded		1,914,910	54,183	-	29,923
Interest received		174,292	1,636,328	50,173	696,755
Interest paid		(1,192,024)	(2,696,470)	(330,642)	(330,642)
Net cash generated from/(used in) operating activities		249,381	(19,260,736)	511,753	(5,320,074)

(forward)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

(continued)

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	15	(12,199)	(405,625)	(720)	(404,642)
Acquisition of other investments		-	(474,735)	-	-
Change in amount due from subsidiary companies		-	-	(7,943,813)	(30,124,045)
Cost incurred on land held for property development		(339,846)	(2,254,061)	-	-
Proceeds from disposal of other investments		584,938	4,622,264	-	-
Proceeds from disposal of property, plant and equipment		4,300	313,500	-	475
Net cash generated from/ (used in) investing activities		<u>237,193</u>	<u>1,801,343</u>	<u>(7,944,533)</u>	<u>(30,528,212)</u>
		486,574	(17,459,393)	(7,432,780)	(35,848,286)
Cash flows from financing activities					
Change in amount due to subsidiary companies		-	-	313,819	2,078,023
Fixed deposits pledged with licensed bank		17,149,045	(892,259)	-	-
Repayment of hire purchase		(89,981)	(432,670)	-	-
Repayment of term loans		(25,959,097)	(15,565,978)	(485,387)	(413,085)
Net cash used in financing activities		<u>(8,900,033)</u>	<u>(16,890,907)</u>	<u>(171,568)</u>	<u>1,664,938</u>
Net decrease in cash and cash equivalents		(8,413,459)	(34,350,300)	(7,604,348)	(34,183,348)
Cash and cash equivalents at beginning of financial year		<u>8,862,500</u>	<u>43,212,800</u>	<u>7,964,367</u>	<u>42,147,715</u>
Cash and cash equivalents at end of financial year	22	<u><u>449,041</u></u>	<u><u>8,862,500</u></u>	<u><u>360,019</u></u>	<u><u>7,964,367</u></u>

(forward)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

(continued)

Reconciliation of liabilities arising from financing activities:

Group		Cash flows	Non-cash acquisition	
2019	1 January RM	RM	RM	31 December RM
Amount due to a Director	1,060	652,355	-	653,415
Term loans	34,752,693	(25,959,097)	-	8,793,596
Hire purchase	342,464	(89,981)	-	252,483
	<u>35,096,217</u>	<u>(25,396,723)</u>	<u>-</u>	<u>9,699,494</u>
2018				
Amount due to a Director	11,202	(10,142)	-	1,060
Term loans	50,318,671	(15,565,978)	-	34,752,693
Hire purchase	775,134	(432,670)	-	342,464
	<u>51,105,007</u>	<u>(16,008,790)</u>	<u>-</u>	<u>35,096,217</u>
Company				
2019				
Amount due to Director	1,060	(330)	-	730
Term loans	5,501,687	(485,387)	-	5,016,300
Amount due to subsidiary company	70,724,622	313,819	-	71,038,441
	<u>148,428,100</u>	<u>6,405,315</u>	<u>-</u>	<u>76,055,471</u>
2018				
Amount due to Director	10,202	(9,142)	-	1,060
Term loans	5,914,772	(413,085)	-	5,501,687
Amount due to subsidiary company	68,646,599	2,078,023	-	70,724,622
	<u>113,871,186</u>	<u>34,556,314</u>	<u>-</u>	<u>148,428,100</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

1. General

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

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are set out in Note 18 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year ended 31 December 2019.

The registered office and principal place of business of the Company are located at Suite 10.02, Level 10, The Garden South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia and Lot 50, Ground Floor, Jalan Kilang Kolombong, Sedco Industrial Estate, 88450 Kota Kinabalu, Sabah, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 30 June 2020.

2. Basis of preparation

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company are prepared on the historical cost convention, other than as disclosed in the notes to the financial statements, and in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

During the financial year ended 31 December 2019, the Group and the Company incurred a net loss of RM15,810,111 and RM106,509,535 respectively, as of that date, the Group's and the Company's current liabilities exceeded its current asset by RM32,291,742 and RM71,570,688 respectively. The current liabilities include material obligations, as disclosed in Note 26 to the financial statements by two of the subsidiaries, UH Capital Sdn. Bhd. and MV Properties Sdn. Bhd. in relation to amounts payable to Royal Malaysian Customs Department (RMCD) of RM3,414,340, tax payable of RM14,677,199 and tax penalty of RM3,030,879 to Inland Revenue Board.

In addition, as disclosed in Note 25 to the financial statements, Bertam Development Sdn. Bhd. (BDSB), a subsidiary of the Company was unable to meet its borrowing obligations during the financial year and the lender had issued letter of demand and statement of claim to BDSB.

As disclosed in Note 34 to the financial statements, the Company as an affected listed issuer is required to submit a regularisation plan to address the Practice Note 17 status to the relevant authorities for approval.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

2. Basis of preparation (continued)

Notwithstanding the above factors, the Group has prepared its financial statements based on the assumption that it would continue to operate as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Directors considered the following factors in determining the validity of using the going concern basis:

- (i) the timely submission of the regularisation plan to and approval by the regulatory authorities;
- (ii) capital injection by prospective investors into the Company by way of proposed private placements for working capital purposes and regularisation of the defaulted loan;
- (iii) the ability of the Group to generate sufficient cashflows from the proposed property development to be undertaken by the Group and/or with potential joint venture partners; and
- (iv) approval of the application to settle tax payables including penalties on an instalment basis over Ten (10) years by the Inland Revenue Board.

If the above plans do not materialise to address the multiple material uncertainties related to the going concern of the Group, the financial statements may be impacted by certain adjustments and reclassification of the Group's assets and liabilities and realisable values of the Group's assets.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Adoption of new and revised MFRS

The following new and revised standards and interpretation have been adopted in the current year. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements.

The main effect of the adoption of the above is summarised below:

(i) MFRS 16 Leases

The Group and the Company have adopted MFRS 16 *Leases* ("MFRS 16") effective for the annual financial period beginning on or after 1 January 2019. The Group and the Company have elected not to restate comparatives for the financial year ended 31 December 2018 and recognise the cumulative effect of initial applying MFRS 16 as an adjustment to the opening balance of retained earnings. The Group and the Company have also elected not to reassess whether a contract is, or contains a lease at 1 January 2019 (date of initial application). Instead, the Company relied on its assessment made applying MFRS 117 *Leases* ("MFRS 117") and IC Interpretation 4 *Determining whether an Arrangement contains a Lease* for contracts entered into (or changed) before the date of initial application.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

2. Basis of preparation (continued)

(a) Adoption of new and revised MFRS (continued)

(i) MFRS 16 Leases (continued)

However, as all of the Group and the Company's material operating leases are either short term leases or related to low value assets for which the Group and the Company elected to apply the recognition exceptions, the adoption of MFRS 16 had no material impact and therefore no adjustment were made to the opening balance of retained earnings.

For leases previously classified as finance leases applying MFRS 117, the carrying amount of the right-of-use assets and the leases liabilities as at 1 January 2019 are determined to be the same as the carrying amount of the lease assets and lease liabilities under MFRS 117.

(ii) IC Interpretation 23 Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

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

(iii) Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Under MFRS 112, Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle), an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

There is no impact on the amendments of these standards as the amendments only affect the disclosures of the financial statements of the Group and the Company.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

2. Basis of preparation (continued)

(a) Adoption of new and revised MFRS (continued)

(iv) Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

The amendments are made on the borrowing costs eligible for capitalisation. MFRS 123 Borrowing Costs states that the capitalisation rate of borrowing costs shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period other than borrowings made specifically for the purpose of obtaining a qualifying asset. Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle) has extended the statement by stating that an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

There is no impact on the amendments of these standards on its financial statements of the Group and the Company.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods commencing on or after 1 January 2020

- Definition of Material (Amendments to MFRS 101)
- Definition of Material (Amendments to MFRS 108)

(c) Standards issued but not yet effective

Definition of Material (Amendments to MFRS 101 and MFRS 108)

In October 2018, the IASB issued *Definition of Material* (Amendments to MFRS 101 and MFRS 108). The amendments clarify and align the definition of 'material' as and provide guidance to help improve consistency in the application of that concept whenever it is used in MFRS.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

2. Basis of preparation (continued)

(c) Standards issued but not yet effective (continued)

Definition of Material (Amendments to MFRS 101 and MFRS 108)
(continued)

The term of materiality has been amended, and has defined as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The materiality requirements of MFRS 101 have been amended to emphasise that information should not be aggregated or disaggregated in a way that obscures material information. The changes also highlight that materiality applies to all aspects of financial statements, including the primary financial statements, the notes and specific disclosures required by individual MFRSs. The purpose is to encourage entities (and others involved in the preparation and review of financial statements) to give careful consideration to presentation requirements, and to the items that need to be included in financial statements.

The content of primary statement line items has been clarified, including that as well as aggregating immaterial items, individual lines that contain significant items may need to be disaggregated. Additional guidance has also been added for the use of subtotals, requiring that these are derived using amounts that are reported in accordance with MFRS.

The amendments apply prospectively for annual period on or after 1 January 2020, with early application permitted. There is no potential effect on the amendments of these standards as the amendments only affect the disclosures of the financial statements of the Group and the Company.

3. Significant accounting judgements and estimates

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

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**3. Significant accounting judgements and estimates (continued)****(a) Judgements made in applying accounting policies**

In the process of applying Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development expenditure. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

3. Significant accounting judgements and estimates (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Depreciation of property, plant and equipment (continued)

The Group anticipates that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within five (5) to fifty (50) years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statements of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

(iii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**3. Significant accounting judgements and estimates (continued)****(b) Key sources of estimation uncertainty (continued)****(iv) Capitalisation of borrowing costs**

The Group capitalises borrowings cost in which development activities are being undertaken or where there is on-going development activities which benefits an entire township. Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

(v) Allowance for inventories write down

Inventories are stated 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. Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

(vi) Carrying value of investments in subsidiary companies

Investments in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4 (I)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiary companies.

(vii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**3. Significant accounting judgements and estimates (continued)****(b) Key sources of estimation uncertainty (continued)****(viii) Impairment of non-financial assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(ix) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 19 to the financial statements.

(x) Impairment of trade and non-trade receivables

The Group makes provision for impairment loss for financial assets at amortised cost based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed.

4. Significant accounting policies**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Company is exposed, 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.

The Company considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(v) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue recognition**(i) Revenue from property development**

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(ii) Sale of goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of the assets to the customer, also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(iii) Revenue from services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(c) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(d) Income taxes

Income tax expense 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 in other comprehensive income.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(d) Income taxes (continued)**

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(f) Property, plant and equipment**

All Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land (including long leasehold land with remaining unexpired lease term of one hundred (100) years and more) is not depreciated but is subject to impairment test if there is any indication of impairment.

Leasehold land with lease period of equal or less than fifty (50) years is classified as short leasehold land whereas leasehold land with lease period of more than fifty (50) years is classified as long leasehold land. Leasehold land is amortised over the period of the lease term.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

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

The residual values, useful life and depreciation method are reviewed at each financial year 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 term 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. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(g) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is computed on the straight-line method over the following estimated useful life of the assets:

Leasehold buildings	2%
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BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(g) Investment properties (continued)**

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. When investment properties are stated at cost less accumulated depreciation and impairment losses, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purpose.

(h) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Inventories**(i) 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.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(i) Inventories (continued)****(ii) Property development expenditure**

Property development expenditure are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development expenditure. The property development expenditure is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development expenditure of unsold unit is transferred to completed development unit once the development is completed.

(iii) Completed development units

Units of development properties completed is stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks, fixed deposits with a licensed bank and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(k) Financial instruments (continued)****(i) Financial assets (continued)**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and non-trade receivables and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no debt instruments at fair value through OCI.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group's financial asset at fair value through profit or loss includes other investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(ii) Financial liabilities

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

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and non-trade payables and loans and borrowings.

Trade and non-trade payables 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 and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(k) Financial instruments (continued)****(ii) Financial liabilities (continued)****Financial liabilities measured at amortised cost (continued)**

A financial liability is derecognised when the obligation under the liability is extinguished. 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.

(l) Impairment**(i) Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECLs for all other financial assets are recognised in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments measured at amortised cost, the Group and the Company may apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(I) Impairment (continued)

(i) Impairment of financial assets (continued)

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(m) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(n) Borrowings 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 recognition 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.

(o) Leases

Policy applicable from 1 January 2019

(i) Classification

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(o) Leases (continued)**Policy applicable from 1 January 2019 (continued)**(i) Classification (continued)**

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement**As a lessee**

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group and the Company entities' incremental borrowing rate. Generally, the Group and the Company entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(o) Leases (continued)**Policy applicable from 1 January 2019 (continued)**(ii) Recognition and initial measurement (continued)****As a lessee (continued)**

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are intermediate lessor, they account for their interests in the head lease and the sublease separately. They assess the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then they classify the sublease as an operating lease.

(iii) Subsequent measurement**As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(o) Leases (continued)

Policy applicable from 1 January 2019 (continued)

(iii) Subsequent measurement (continued)

As a lessee (continued)

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Policy applicable before 1 January 2019

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's and the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

4. Significant accounting policies (continued)

(o) Leases (continued)

Policy applicable before 1 January 2019 (continued)

(iii) Operating leases – the Group as lessee

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating leases – the Group as lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

The depreciation policy for leased assets is in accordance with that for depreciable plant and equipment as described in Note 4 (f) above.

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(q) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(q) Provisions (continued)**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current per-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**4. Significant accounting policies (continued)****(t) Fair value measurement (continued)**

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (ii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contracts with customers				
Sales of building materials	9,931,099	817,139	-	-
Sales of completed units	705,000	-	-	-
	<u>10,636,099</u>	<u>817,139</u>	<u>-</u>	<u>-</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**5. Revenue (continued)**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Timing of revenue from contract with customers				
Point in time	10,636,099	817,139	-	-

6. Interest income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed deposit interest	114,011	910,201	-	-
Unit trust interest	60,128	720,328	50,173	696,755
Late payment	-	3,525	-	-
Housing development account	153	2,274	-	-
	<u>174,292</u>	<u>1,636,328</u>	<u>50,173</u>	<u>696,755</u>

7. Other operating income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Administrative charges received	150	1,250	-	-
Bad debt recovered	-	60,000	-	-
Deposit forfeited	1,000	54,000	-	-
Gain on disposal of property, plant and equipment	-	185,750	-	-
Gain on disposal of other investment	46,064	2,726,144	-	-
Liabilities no longer in existence written back	-	9,520	-	-
Rental income	379,455	129,297	369,555	107,748
Miscellaneous income	15,470	126,796	11,651	1,227
Reversal of allowance for impairment on receivables (Note 21)	567,821	-	-	-
Reversal of impairment on amounts due from subsidiary companies (Note 21)	-	-	-	2,776,473
Reversal of provision of liquidated damage	-	990,983	-	-
	<u>1,009,960</u>	<u>4,283,740</u>	<u>381,206</u>	<u>2,885,448</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**8. Other operating expenses**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment loss on investment in subsidiary companies (Note 18)	-	-	24,582,174	300,107
Impairment loss on other Investments (Note 20)	-	94,947	-	-
Impairment on receivables (Note 21)	117,607	-	-	-
Impairment on amounts due from subsidiary companies (Note 21)	-	-	79,779,586	-
	<u>117,607</u>	<u>94,947</u>	<u>104,361,760</u>	<u>300,107</u>

9. Employee benefits expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and allowances	1,451,237	2,257,255	1,069,900	1,681,637
Bonus	-	42,875	-	42,875
Contributions to defined contribution plan	140,767	235,659	99,577	170,859
Contributions to employment insurance scheme	909	1,423	333	758
Social security contributions	9,357	13,553	3,504	7,123
	<u>1,602,270</u>	<u>2,550,765</u>	<u>1,173,314</u>	<u>1,903,352</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration consisting salaries and other emoluments and fees amounting to RM867,700 (2018: RM1,069,100) and RM860,700 (2018: RM1,057,100) respectively as further disclosed in Note 10 to the financial statements.

10. Directors' remuneration

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors' remuneration (Note 9)				
<u>Existing Directors of the Company</u>				
- Fee	79,000	84,000	72,000	72,000
- Salaries and other emoluments	576,400	722,400	576,400	722,400
- Bonus	-	23,300	-	23,300
- Contributions to defined contribution plan	69,000	86,400	69,000	86,400
	<u>724,400</u>	<u>916,100</u>	<u>717,400</u>	<u>904,100</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**10. Directors' remuneration (continued)**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Past Director of the Company</u>				
- Fee	12,000	-	12,000	-
- Salaries and other emoluments	1,000	-	1,000	-
	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
Non-executive Directors' remuneration				
- Fee	121,300	132,000	121,300	132,000
- Bonus	-	5,500	-	5,500
- Other emoluments	9,000	15,500	9,000	15,500
	<u>130,300</u>	<u>153,000</u>	<u>130,300</u>	<u>153,000</u>
Total Directors' remuneration	<u>867,700</u>	<u>1,069,100</u>	<u>860,700</u>	<u>1,057,100</u>

The Directors' remuneration represents remuneration for Directors of the Group, the Company and its subsidiaries to comply with the requirements of Companies Act, 2016. The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2019	2018
Executive Directors:		
Below RM200,000	-	-
RM200,001 – RM300,000	1	1
RM300,001 – RM600,000	1	1
RM600,001 – RM650,000	-	-
Non-executive Directors:		
Below RM50,000	4	3
RM50,000 – RM100,000	-	-
RM100,001 – RM200,000	-	-

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**11. Loss from operations**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other than those disclosed in Note 6,7,8 and 9, loss from operations have been arrived at after charging:				
Auditors' remuneration				
- statutory audit	196,000	177,000	83,000	78,000
- under provision in prior year	16,000	5,000	5,000	5,000
- other services	5,000	5,000	5,000	5,000
Bad debts written off	500	63	-	-
Depreciation of property, plant and equipment (Note 15)	455,760	646,252	205,886	338,876
Depreciation of investment properties (Note 16)	142,729	-	142,729	-
Deposits written off	-	82,000	-	-
Impairment loss on land held for property development (Note 17)	10,906,002	-	-	-
Loss on disposal of property, plant and equipment	6,712	1,417	-	1,417
Plant and equipment written off	-	122,158	-	-
Rental of premises	192,858	268,108	-	-
Rental of office equipment	3,504	2,518	-	-
	<u>11,710,131</u>	<u>12,101,739</u>	<u>334,715</u>	<u>333,303</u>

12. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses:				
- Hire purchase	14,635	31,720	-	-
- Term loan	1,177,389	2,937,750	300,664	330,642
	<u>1,192,024</u>	<u>2,969,470</u>	<u>300,664</u>	<u>330,642</u>
Less: Interest capitalised in land held for property development (Note 17)	-	(2,607,108)	-	-
	<u>1,192,024</u>	<u>362,362</u>	<u>300,664</u>	<u>330,642</u>

13. Income tax expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current taxation	-	300,000	-	-
(Over)/Under provision in prior years	(3,137,455)	14,708,359	3,600	24,689
	<u>(3,137,455)</u>	<u>15,008,359</u>	<u>3,600</u>	<u>24,689</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**13. Income tax expense (continued)**

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation	<u>(18,947,566)</u>	<u>(5,403,759)</u>	<u>(106,505,935)</u>	<u>(1,225,480)</u>
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	(4,547,417)	(1,296,902)	(25,561,424)	(294,115)
Non-tax deductible expenses	4,516,560	3,759,208	25,640,340	474,432
Non-taxable income	(91,562)	(164,835)	(91,489)	(167,221)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	<u>122,419</u>	<u>(1,997,471)</u>	<u>12,573</u>	<u>(13,096)</u>
	-	300,000	-	-
(Over)/Under provision in prior years	<u>(3,137,455)</u>	<u>14,708,359</u>	<u>3,600</u>	<u>24,689</u>
	<u>(3,137,455)</u>	<u>15,008,359</u>	<u>3,600</u>	<u>24,689</u>

No deferred tax assets have been recognised for the following items:

	Group	
	2019 RM	2018 RM
Capital allowance in excess of depreciation	90,572	65,584
Timing differences in provision	-	(168,000)
Unabsorbed capital allowances	(376,492)	(118,376)
Unutilised tax losses	<u>(40,006,980)</u>	<u>(40,399,607)</u>
	<u>(40,292,900)</u>	<u>(40,920,399)</u>
Deferred tax assets at 24% (2018: 24%) not recognised in the financial statements	<u>(9,670,296)</u>	<u>(9,748,896)</u>

The unabsorbed capital allowances and unutilised tax losses disclosed above are available indefinitely for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority. These deferred tax assets are not recognised due to uncertainty of its recoverability.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**14. Loss per share****(a) Basic**

Basic loss per share amounts are calculated by dividing total comprehensive loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2019	Group	2018
	RM		RM
Loss net of tax attributable to owners of the Company	<u>(15,807,232)</u>		<u>(20,409,769)</u>
Weighted average number of ordinary shares in issue	<u>206,756,497</u>		<u>206,756,497</u>
	Sen		Sen
Basic loss per share	<u>(7.64)</u>		<u>(9.87)</u>

(b) Diluted

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

15. Property, plant and equipment

Group	Leasehold buildings RM	Furniture, fittings, office equipment and signboard RM	Motor vehicles RM	Renovation RM	Tools and Equipment RM	Total RM
Costs						
At 1 January 2018	8,646,720	620,375	2,099,865	822,430	1,887	12,191,277
Addition	-	2,735	379,552	23,140	198	405,625
Disposal	-	(3,180)	(936,210)	(14,200)	-	(953,590)
Written off	-	-	-	(200,808)	-	(200,808)
At 31 December 2018	8,646,720	619,930	1,543,207	630,562	2,085	11,442,504
Addition	-	12,199	-	-	-	12,199
Disposal	-	(18,610)	(5,312)	-	-	(23,922)
Reclassification to investment properties (Note 16)	(5,477,760)	-	-	(399,466)	-	(5,877,226)
At 31 December 2019	3,168,960	613,519	1,537,895	231,096	2,085	5,553,555
Accumulated depreciation						
At 1 January 2018	389,102	286,755	1,314,354	178,783	189	2,169,183
Charge for the financial year	172,934	92,837	299,547	80,726	208	646,252
Written back	-	(1,188)	(817,674)	(5,561)	-	(824,423)
Written off	-	-	-	(78,650)	-	(78,650)
At 31 December 2018	562,036	378,404	796,227	175,298	397	1,912,362
Charge for the financial year	59,461	87,651	285,330	23,109	209	455,760
Written back	-	(7,599)	(5,311)	-	-	(12,910)
Reclassification to investment properties (Note 16)	(356,054)	-	-	(111,053)	-	(467,107)
At 31 December 2019	265,443	458,456	1,076,246	87,354	606	1,888,105
Net book value						
At 31 December 2018	8,084,684	241,526	746,980	455,264	1,688	9,530,142
At 31 December 2019	2,903,517	155,063	461,649	143,742	1,479	3,665,450

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

15. Property, plant and equipment (continued)

Company	Leasehold buildings RM	Furniture, fittings and office equipment RM	Motor vehicle RM	Renovation RM	Total RM
Costs					
At 1 January 2018	8,646,720	309,247	-	607,422	9,563,389
Addition	-	1,950	379,552	23,140	404,642
Disposal	-	(2,580)	-	-	(2,580)
At 31 December 2018	8,646,720	308,617	379,552	630,562	9,965,451
Addition	-	720	-	-	720
Reclassification to investment properties (Note 16)	(5,477,760)	-	-	(399,466)	(5,877,226)
At 31 December 2019	3,168,960	309,337	379,552	231,096	4,088,945
Accumulated depreciation					
At 1 January 2018	389,102	90,452	-	114,282	593,836
Charge for the financial year	172,934	47,993	56,933	61,016	338,876
Written back	-	(688)	-	-	(688)
At 31 December 2018	562,036	137,757	56,933	175,298	932,024
Charge for the financial year	59,461	47,386	75,910	23,109	205,866
Reclassification to investment properties (Note 16)	(356,054)	-	-	(111,053)	(467,107)
At 31 December 2019	265,443	185,143	132,843	87,354	670,783
Net book value					
At 31 December 2018	8,084,684	170,860	322,619	455,264	9,033,427
At 31 December 2019	2,903,517	124,194	246,709	143,742	3,418,162

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**15. Property, plant and equipment (continued)**

Leasehold buildings of the Group amounting to RM2,903,517 (2018: RM8,084,684) are pledged for banks for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

Property, plant and equipment of the Group acquired under hire purchase arrangements are as follows:

	Cost RM	Accumulated depreciation RM	Net book value RM
2019			
Motor vehicles	711,543	606,099	105,444
2018			
Motor vehicles	711,543	463,791	247,752

The Company on 2 December 2019 had entered into sales and purchase agreement with Juris Technologies Sdn. Bhd. to dispose property, plant and equipment with carrying amount of RM3,092,986 for a proceed of RM3,301,000. The sale was completed in March 2020.

16. Investment properties

	Group/ Company RM
Cost	
At 1 January 2018/31 December 2018	-
Reclassification from property, plant and equipment (Note 15)	5,877,226
At 31 December 2019	5,877,226
Accumulated amortisation	
At 1 January 2018/31 December 2018	-
Reclassification from property, plant and equipment (Note 15)	467,107
Charge for the financial year (Note 11)	142,729
At 31 December 2019	609,836
Net book value	
At 31 December 2019	5,267,390
At 31 December 2018	-

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**16. Investment properties (continued)**

The followings are recognised in profit or loss in respect of investment properties:

	Group/Company	
	2019 RM	2018 RM
Rental income	369,555	107,748
Direct expense	(60,729)	(35,234)
	308,826	72,514

Investment property of the Group amounting to RM5,267,390 (2018: RMNil) are pledged for banks for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

The Company on 2 December 2019 had entered into sales and purchase agreement with Juris Technologies Sdn. Bhd. to dispose investment properties with carrying amount of RM5,267,390 respectively for a proceed of RM5,786,000. The sale was completed in March 2020.

17. Inventories

	Group	
	2019 RM	2018 RM
Non-current		
Land held for property Development [Note (a)]	198,244,256	80,999,398
Current		
Completed development units	551,640	1,258,813
Property development expenditure [Note (b)]	-	127,811,014
	551,640	129,069,827
Total inventories	198,795,896	210,069,225

The amount of inventories recognised as an expense in cost of sales of the Group was RM707,173 (2018: RMNil).

(a) Land held for property development

Group	Freehold land RM	Leasehold land RM	Development cost RM	Total RM
Costs				
At 1 January 2018	74,463,081	-	4,409,986	78,873,067
Addition	1,632,208	-	621,853	2,254,061
Written off	-	-	(127,730)	(127,730)
At 31 December 2018	76,095,289	-	4,904,109	80,999,398
Addition	-	-	304,858	304,858
Reclassification	(45,997,500)	147,848,222	25,995,280	127,846,002
Allowance for impairment (Note 11)	-	-	(10,906,002)	(10,906,002)
At 31 December 2019	30,097,789	147,848,222	20,298,245	198,244,256

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**17. Inventories (continued)****(a) Land held for property development (continued)**

The application for amalgamation, subdivision and conversion of the land titles from Native Title to Country Lease Title to the land held for property development are still pending approval from the relevant authorities.

(b) Property development expenditure

Group	Leasehold land RM	Development cost RM	Total RM
Costs			
At 1 January 2018	84,978,668	20,084,786	105,063,454
Addition	16,872,054	5,875,506	22,747,560
At 31 December 2018	101,850,722	25,960,292	127,811,014
Addition	-	34,988	34,988
Reclassification	(101,850,722)	(25,995,280)	(127,846,002)
At 31 December 2019	-	-	-

Leasehold land with a carrying amount of RM84,500,000 (2018: RM84,500,000) have been pledged as securities for term loans facilities granted to the Company as disclosed in Note 25 to the financial statements.

Included in the Group's property development expenditure incurred during the financial year were finance costs capitalised amounting to RMNil (2018: RM2,607,108) as disclosed in Note 12 to the financial statements.

18. Investments in subsidiary companies

	Company	
	2019 RM	2018 RM
Cost		
Unquoted shares, at cost		
At 1 January/31 December	111,506,990	111,506,990
Accumulated impairment losses		
At 1 January	(45,126,016)	(44,825,909)
Charge for the financial year	(24,582,174)	(300,107)
At 31 December	(69,708,190)	(45,126,016)
	41,798,800	66,380,974
Discount on loans to subsidiaries	16,412,737	16,412,737
Net carrying amount	58,211,537	82,793,711

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**18. Investments in subsidiary companies (continued)**

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2019 %	2018 %	
Held by the Company				
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 Sungai Buan Sdn. Bhd.	Malaysia	100	100	Property development
Dove Industries Sdn. Bhd.	Malaysia	100	100	Property development
U.H. Trading (Johore) Sdn. Bhd.	Malaysia	100	100	Dormant
U.H. Trading (Melaka) Sdn. Bhd.	Malaysia	100	100	Dormant
U.H. Trading (K.L.) Sdn. Bhd.	Malaysia	100	100	Dormant
Bertam Minetech Sdn. Bhd.	Malaysia	100	100	Property development

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**18. Investments in subsidiary companies (continued)**

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2019 %	2018 %	
Held through Bertam Development Sdn. Bhd.				
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	100	Property development
Sumbang Merah Sdn. Bhd.	Malaysia	100	100	Property development
Sunrise Avenue Sdn. Bhd.	Malaysia	100	100	Property development
Sepakat Heights Sdn. Bhd.	Malaysia	100	100	Property development

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**18. Investments in subsidiary companies (continued)**

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2019 %	2018 %	
Held through Antara Megah Sdn. Bhd.				
Tabur Bakti Sdn. Bhd.	Malaysia	100	100	Property development
Suria Pertiwi Sdn. Bhd.	Malaysia	100	100	Property development
Held through Syarikat Sungei Buan Sdn. Bhd.				
MV Properties Sdn. Bhd.	Malaysia	100	100	Property development

The proportion of voting rights held by non-controlling interests equals to their proportion of ownership interest held.

The non-controlling interest in respect of the subsidiary of the Group is not material to the Group.

19. Goodwill on consolidation

	Group	
	2019 RM	2018 RM
Cost		
At 1 January/31 December	92,814	92,814
Accumulated impairment losses		
At 1 January/31 December	(3,280)	(3,280)
Net carrying amount	<u>89,534</u>	<u>89,534</u>

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations.

Key assumptions used in the VIU calculations for the goodwill impairment assessment are selling price per square foot, total development cost, total gross development value and margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Based on the impairment test, no impairment is required for the goodwill.

A reasonable possible change in the key assumptions would not result in any impairment.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**20. Other investments**

	Group	
At fair value through profit or loss	2019 RM	2018 RM
Quoted shares in Malaysia		
- Shares	-	474,735
- Unit trust fund	-	159,086
	<hr/>	<hr/>
	-	633,821
Less: Impairment loss	-	(94,947)
	<hr/>	<hr/>
Market value of quoted investments	<u>-</u>	<u>538,874</u>

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Group	
	2019 RM	2018 RM
At 1 January	94,947	-
Charge for the financial year	-	94,947
Written back for the financial year	(94,947)	-
	<hr/>	<hr/>
At 31 December	<u>-</u>	<u>94,947</u>

21. Trade and non-trade receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Third parties	1,107,285	3,442,099	-	-
Less: Allowance for impairment	(124,004)	(2,054,655)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade receivables, net	983,281	1,387,444	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Non-trade receivables				
Related party	75,416	71,416	71,416	71,416
Third parties	1,022,272	408,600	315,170	58,717
Deposits	174,216	1,723,083	54,603	1,560,420
Prepayments	83,841	101,472	-	31,281
	<hr/>	<hr/>	<hr/>	<hr/>
	1,355,745	2,304,571	441,189	1,721,834
Less: Allowance for impairment	(315,854)	(315,854)	(15,854)	(15,854)
	<hr/>	<hr/>	<hr/>	<hr/>
Non-trade receivables, net	1,039,891	1,988,717	425,335	1,705,980
	<hr/>	<hr/>	<hr/>	<hr/>
Amount due from subsidiary companies				
Non-trade	-	-	156,552,643	148,608,830
Less: Allowance for impairment	-	-	(156,187,685)	(76,408,099)
	<hr/>	<hr/>	<hr/>	<hr/>
Amount due from subsidiary companies, net	-	-	364,958	72,200,731
	<hr/>	<hr/>	<hr/>	<hr/>
Total trade and non-trade receivables	<u>2,023,172</u>	<u>3,376,161</u>	<u>790,293</u>	<u>73,906,711</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**21. Trade and non-trade receivables (continued)**

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 14 to 90 days (2018: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

Group	Trade receivables RM	Non-trade receivables RM	Total RM
At 1 January 2018/31 December 2018	2,054,655	315,854	2,370,509
Charge for the financial year (Note 8)	117,607	-	117,607
Reversal of allowance for impairment on receivables (Note 7)	(567,821)	-	(567,821)
Written off for the financial year	(1,480,437)	-	(1,480,437)
At 31 December 2019	124,004	315,854	439,858

Company	Non-trade receivables RM	Amounts due from subsidiary companies RM	Total RM
At 1 January 2018	15,854	79,184,572	79,200,426
Reversal during the financial year (Note 7)	-	(2,776,473)	(2,776,473)
At 31 December 2018	15,854	76,408,099	76,423,953
Charge for the financial year (Note 8)	-	79,779,586	79,779,586
At 31 December 2019	15,854	156,187,685	156,203,539

Trade and non-trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amounts due from subsidiary companies are unsecured, interest free and repayable on demand.

Information about the Company's exposure to credit risks and impairment losses for trade receivables is included in Note 29 to the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**22. Cash and cash equivalents**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand	2,349	3,289	857	2,500
Cash at banks	446,692	8,859,211	359,162	7,961,867
Deposits with licensed banks	-	17,149,045	-	-
Cash and bank balances	449,041	26,011,545	360,019	7,964,367
Less: Deposits with maturity of more than three (3) months	-	(17,149,045)	-	-
Cash and cash equivalents	449,041	8,862,500	360,019	7,964,367

The weighted average effective interest rate of deposits with licensed banks at the end of the financial year of the Group is Nil% (2018: 3.55%) per annum.

Deposits with licensed banks amounting to RMNil (2018: RM16,345,685) are held under lien as security for term loan facility as granted to the Group and have a maturity of Nil days (2018: 30 days to 365 days) as disclosed in Note 25.

23. Share capital

Issued and paid up:	No. of shares		Group/Company	
	2019	2018	2019 RM	2018 RM
Ordinary shares				
At 1 January/31 December	206,756,497	206,756,497	206,756,497	206,756,497

The holders of ordinary shares (except treasury 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.

24. Accumulated losses

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**25. Loans and borrowings**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Hire purchase payables	157,862	252,483	-	-
Term loans	4,530,300	19,717,748	4,530,300	5,015,687
	<u>4,688,162</u>	<u>19,970,231</u>	<u>4,530,300</u>	<u>5,015,687</u>
Current				
Hire purchase payables	94,621	89,981	-	-
Term loans	4,263,296	15,034,945	486,000	486,000
	<u>4,357,917</u>	<u>15,124,926</u>	<u>486,000</u>	<u>486,000</u>
Total loans and borrowings				
Hire purchase payables	252,483	342,464	-	-
Term loans	8,793,596	34,752,693	5,016,300	5,501,687
	<u>9,046,079</u>	<u>35,095,157</u>	<u>5,016,300</u>	<u>5,501,687</u>
Maturity structure of loans and borrowings				
Within one year	4,357,917	15,124,926	486,000	486,000
Between one to two years	585,262	5,646,709	486,000	486,000
Between two to five years	1,516,600	11,251,835	1,458,000	1,458,000
More than five years	2,586,300	3,071,687	2,586,300	3,071,687
	<u>9,046,079</u>	<u>35,095,157</u>	<u>5,016,300</u>	<u>5,501,687</u>

The interest rate structures are as follows:

	Nominal interest rate		Effective interest rate	
	2019	2018	2019	2018
Hire purchase payable	2.42%-2.71%	2.42%-2.71%	4.55%-6.18%	4.55%-6.18%
Term loans	BLR ±0.25%	BLR +/- 0.25%	6.08%-6.72%	6.08%-7.22%

(a) Hire purchase payables

The hire purchase payables obligations are secured by a charge over the leased assets as disclosed in Note 15 to the financial statements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**25. Loans and borrowings (continued)****(a) Hire purchase payables (continued)**

Future minimum payments under hire purchase payables together with the present value of the net minimum payments are as follows:

	Group	
	2019	2018
	RM	RM
Minimum hire purchase payments:		
Repayable within one year	104,616	104,616
Repayable between one to two years	104,616	104,616
Repayable between two to five years	59,802	164,418
	<hr/>	<hr/>
Total future minimum hire purchase payments	269,034	373,650
Less: Future finance charges	(16,551)	(31,186)
	<hr/>	<hr/>
Present value of hire purchase liabilities	<u>252,483</u>	<u>342,464</u>
Present value of hire purchase liabilities:		
Repayable within one year	94,621	89,981
Repayable between one to two years	99,262	94,621
Repayable between two to five years	58,600	157,862
	<hr/>	<hr/>
	<u>252,483</u>	<u>342,464</u>
Representing:		
Current	94,621	89,981
Non-current	157,862	252,483
	<hr/>	<hr/>
	<u>252,483</u>	<u>342,464</u>

The hire purchase payables shall be repaid in full by 2023.

(b) Term loans

Term loans are secured by way of:

- (i) Legal charge over leasehold building belonging to the Company as disclosed in Note 15 and Note 16 to the financial statements;
- (ii) Legal charge over the subsidiary company's lands under property development expenditure as disclosed in Note 17 to the financial statements;
- (iii) Debt servicing reserve account in the name of the Company as disclosed in Note 22;
- (iv) Fixed and floating debenture charge; and
- (v) Corporate guarantee issued by the Company to the bank.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**25. Loans and borrowings (continued)****(b) Term loans (continued)**

The maturities of the term loans are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within one year	4,263,296	15,034,945	486,000	486,000
Between one to two years	486,000	5,552,088	486,000	486,000
Between two to five years	1,458,000	11,093,973	1,458,000	1,458,000
More than five years	2,586,300	3,071,687	2,586,300	3,071,687
	<u>8,793,596</u>	<u>34,752,693</u>	<u>5,016,300</u>	<u>5,501,687</u>

During the financial year, the Group had defaulted in the repayment of RM2,783,055 on term loan which had been overdue for Three (3) months since October 2019. Defaults in the repayments of the above term loan has provided the lender with the rights to demand for immediate repayment of all outstanding amounts.

26. Trade and non-trade payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables				
Third parties	3,540,927	6,145,156	-	-
Retention sums	1,847	1,847	-	-
	<u>3,542,774</u>	<u>6,147,003</u>	<u>-</u>	<u>-</u>
Non-trade payables				
Other payables				
- Third parties	7,849,972	2,625,188	498,477	42,735
Accruals	209,473	291,455	103,000	186,400
Deposits received	730,402	75,326	726,352	68,076
Provision	4,569,147	4,569,147	-	-
	<u>13,358,994</u>	<u>7,561,116</u>	<u>1,327,829</u>	<u>297,211</u>
Amounts due to Directors	653,415	1,060	730	1,060
Amount due to a shareholder	442,437	436,610	-	-
Amounts due to subsidiary companies	-	-	71,038,441	70,724,622
	<u>-</u>	<u>-</u>	<u>71,038,441</u>	<u>70,724,622</u>
Total trade and non- trade payables	<u>17,997,620</u>	<u>14,145,789</u>	<u>72,367,000</u>	<u>71,022,893</u>

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2018: 30 to 90 days).

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**26. Trade and non-trade payables (continued)**

Amounts due to Directors and a shareholder are unsecured, interest free and repayable on demand.

Amounts due to subsidiary companies are unsecured and non-trade in nature. These balances are interest free and repayable on demand.

Non trade payables of the Group for the financial year mainly consist of:

- (i) A subsidiary company namely, UH Capital Sdn. Bhd. has an amount payable to Royal Malaysian Customs Department ("RMCD") of RM3,414,340 (2018: RMNil) for the Goods and Services Tax ("GST") imposed on the sale proceeds for the disposal of Eight (8) parcels of vacant lands in the financial year 2015 for a total consideration of RM63,500,000 that were used for commercial development purposes by the acquirer. However, the Company noticed that the GST imposed on the said lands has been erroneously computed by the RMCD as the said lands were used for mixed development purposes instead of commercial development purposes. Therefore, the GST to be imposed should be apportioned according to the portion of land used for residential and commercial purposes. In view of that, the Company in the midst of appealing;
- (ii) An amount payable to Inland Revenue Board ("IRB") of RM3,030,879 (2018: RM1,817,016) for the tax penalty charged on the under recognition of corporation tax from the gain of RM80,057,893 arising from the disposal of two (2) parcels of freehold land held under Geran Mukim 563, Lot 809 and Geran 415, Lot 810, both located in Mukim Cheras, Dearah Hulu Langat, Negeri Selangor in the financial year 2017 arise from a subsidiary company namely, MV Properties Sdn. Bhd.;
- (iii) An amount payable to Lembaga Perumahan dan Hartanah Selangor ("LPHS") of RM4,537,594 (2018: RM4,537,594) for the waiver of Bumiputera quota on certain units within the Casabella development project upon issuance of strata title arise from a subsidiary company namely, Budi Halus Sdn. Bhd. As at 22 June 2020, strata title survey fee amounted to RM505,750 is payable to Lembaga Juruukur Tanah for building subdivision and application for strata title; and
- (iv) A subsidiary company namely, Bertam Development Sdn. Bhd. has an amount payable to Pacific V-Holdings Sdn. Bhd. and Mohd Khairul Bin Abdullah of RMNil (2018: RM1,869,253) and RMNil (2018: RM84,177) respectively as disclosed in Note 33 to the financial statements.

27. Taxation

Taxation in the Group consist of a tax payable of subsidiary company, namely, MV Properties Sdn. Bhd. amounted to RM14,250,124. This was reflected with an over provision of tax expenses of RM427,075 during the year and under provision of tax expenses of RM14,677,199 in previous year in the statements of profit or loss and other comprehensive income.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**28. Significant related party transactions****(a) Identities of related parties**

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

(b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows:

Group	Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
			2019 RM	2018 RM	2019 RM	2018 RM
Entity under common control:						
Priceworth International Berhad	Rental income	-	(39,672)	55,562	55,562	
Varda Development Sdn. Bhd.	Rental expenses	144,858	289,716	-	-	
	Accounting expenses	-	40,782	-	-	
Maxland Sdn. Bhd.	Disposal of asset	4,000	-	4,000	-	
With a Director:						
Lim Nyuk Foh	Advance Payment on behalf	1,060	1,000	-	(1,060)	
		-	9,142			
Liu Sheng Hui	Advance	(653,415)	-	(653,415)	-	
With a person connected to a Director of the Company:						
Datuk Lim Nyuk Sang @ Freddy Lim	Rental expenses	48,000	80,000	-	-	
Company						
With Directors:						
Lim Nyuk Foh	Advance Payment on behalf	1,060	-	-	(1,060)	
		-	9,142			
Liu Sheng Hui	Advance	(730)	-	(730)	-	
Entities under common control:						
Priceworth International Berhad	Rental income	-	(39,672)	55,562	55,562	

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**28. Significant related party transactions (continued)**

- (b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (continued)

Company Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2019 RM	2018 RM	2019 RM	2018 RM
With subsidiary companies:					
Antara Megah Sdn. Bhd.	Payment on behalf	8,553	968	9,521	968
Bertam Development Sdn. Bhd.	Advances	-	(17,450,452)	21,024	52,210,145
	Impairment on investment in subsidiary companies	(14,693,230)	-		
	Impairment on amounts due from subsidiary companies	(59,072,231)	-		
	Payment on behalf	6,883,109	31,706,084		
Bertam Minetech Sdn. Bhd.	Advance	-	83,700	86,508	83,721
	Payment on behalf	2,786	21		
Budaya Identiti Sdn. Bhd.	Advance	-	12,900	(7,741,455)	(7,763,121)
	Payment on behalf	21,666	5,396		
Budi Halus Sdn. Bhd.	Advance	(348,500)	217,500	(6,127,293)	(5,789,697)
	Payment on behalf	10,904	17,523		
	Receipt on behalf	-	(2,290,000)		
Dataran Serimaju Sdn. Bhd.	Advance	-	16,800	22,863	17,740
	Payment on behalf	5,124	940		
Dove Industries Sdn. Bhd.	Payment on behalf	5,807	6,485	12,292	6,485
Gunung Jaya Sdn. Bhd.	Advance	-	6,300	13,663	6,434
	Payment on behalf	7,229	21		
Legacy Mega Development Sdn. Bhd.	Advance	-	6,000	12,065	6,043
	Payment on behalf	6,022	43		
MV Properties Sdn. Bhd.	Advance	5,882	21,396	1,580	1,362,298
	Impairment on amounts due from subsidiary companies	(1,366,600)	-		

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**28. Significant related party transactions (continued)**

- (b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (continued)

Company Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2019 RM	2018 RM	2019 RM	2018 RM
With subsidiary companies:					
Sunrise Avenue Sdn. Bhd.	Advance	-	45,300	18,999	1,799,030
	Impairment on amounts due from subsidiary companies	(1,784,553)	-		
	Payment on behalf	4,521	1,751,318		
Sepakat Heights Sdn. Bhd.	Advance	-	82,000	11,207	82,257
	Impairment on amounts due from subsidiary companies	(74,953)	-		
	Payment on behalf	3,904	257		
SKB Pinang Sdn. Bhd.	Payment on behalf	5,245	2,918	8,163	2,918
Sumbang Merah Sdn. Bhd.	Payment on behalf	5,245	2,923	8,168	2,923
Suria Pertiwi Sdn. Bhd.	Advance	-	16,500	22,723	16,522
	Payment on behalf	6,201	22		
Syarikat Sungei Buan Sdn. Bhd.	Advance	-	8,200	(57,118,701)	(57,121,826)
	Impairment on investment in subsidiary companies	(6,282,185)	-		
	Payment on behalf	3,125	436		
Tabur Bakti Sdn. Bhd.	Advance	(4,000)	(50,000)	(50,992)	(49,978)
	Payment on behalf	2,986	22		
Trans Prestasi Sdn. Bhd.	Advance	-	5,500	10,611	5,937
	Payment on behalf	4,675	437		
U.H. Trading (Johore) Sdn. Bhd.	Payment on behalf	3,197	6,493	9,690	6,493
U.H. Trading (Melaka) Sdn. Bhd.	Payment on behalf	3,196	6,569	9,764	6,569
U.H. Trading (K.L.) Sdn. Bhd.	Payment on behalf	7,207	6,501	13,708	6,501

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**28. Significant related party transactions (continued)**

- (b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (continued)

Company Name of related parties	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2019 RM	2018 RM	2019 RM	2018 RM
With subsidiary companies:					
UH Capital Sdn. Bhd.	Impairment on investment in subsidiary companies	(3,606,759)	300,107	8,610	2,273
	Payment on behalf	6,336	-		
	Reversal of impairment on amount due from subsidiary company	-	(2,776,473)		
UH Industries & Development Sdn. Bhd. (AKA. UH Industries Sdn. Bhd.)	Advance Payment on behalf	-	900	4,507	922
		3,584	22		
Wow Land Sdn. Bhd.	Advance Impairment on amounts due from subsidiary companies	996,050	2,828,810	59,292	16,574,552
		(17,481,249)	-		
	Payment on behalf	(30,061)	13,749,742		

- (c) The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	798,700	982,700	791,700	970,700
Contributions to defined contribution plan	69,000	86,400	69,000	86,400
	<u>867,700</u>	<u>1,069,100</u>	<u>860,700</u>	<u>1,057,100</u>
Included in the key management personnel are:				
Directors' remuneration (Note 10)	<u>867,700</u>	<u>1,069,100</u>	<u>860,700</u>	<u>1,057,100</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**28. Significant related party transactions (continued)**

- (c) The remuneration of directors and other members of key management during the financial year was as follows: (continued)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Group and of the Company and members of senior management of the Group.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

29. Financial instruments

- (a) **Categories of financial instruments**

Group			
2019			Financial assets measured at amortised cost
Financial assets	Carrying amount		cost
	RM		RM
Trade and non-trade receivables	1,765,115		1,765,115
Cash and cash equivalents	449,041		449,041
	<u>2,214,156</u>		<u>2,214,156</u>
Financial liabilities	Carrying amount		Financial liabilities measured at amortised cost
	RM		RM
Loans and borrowings	9,046,079		9,046,079
Trade and non-trade payables	13,428,473		13,428,473
	<u>22,474,552</u>		<u>22,474,552</u>
2018	Carrying amount	Loans and receivables	Available-for-sale
Financial assets	RM	RM	RM
Other investments	538,874	-	538,874
Trade and non-trade receivables	1,551,606	1,551,606	-
Cash and cash equivalents	26,011,545	26,011,545	-
	<u>28,102,025</u>	<u>27,563,151</u>	<u>538,874</u>

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(a) Categories of financial instruments (continued)**

Group		
2018	Carrying amount	Financial liabilities measured at amortised cost
Financial liabilities	RM	RM
Loans and borrowings	35,095,157	35,095,157
Trade and non-trade payables	9,576,642	9,576,642
	44,671,799	44,671,799
Company		
2019	Carrying amount	Financial assets measured at amortised cost
Financial assets	RM	RM
Trade and non-trade receivables	735,690	735,690
Cash and cash equivalents	360,019	360,019
	1,095,709	1,095,709
	Carrying amount	Financial liabilities measured at amortised cost
Financial liabilities	RM	RM
Loan and borrowings	5,016,300	5,016,300
Trade and non-trade payables	72,367,000	72,367,000
	77,383,300	77,383,300
2018		
	Carrying amount	Financial assets measured at amortised cost
Financial assets	RM	RM
Trade and non-trade receivables	72,315,010	72,315,010
Cash and cash equivalents	7,964,367	7,964,367
	80,279,377	80,279,377
	Carrying amount	Financial liabilities measured at amortised cost
Financial liabilities	RM	RM
Loan and borrowings	5,501,687	5,501,687
Trade and non-trade payables	71,022,893	71,022,893
	76,524,580	76,524,580

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(a) Categories of financial instruments (continued)**

A reconciliation of trade and other receivables in financial assets to the amounts reflected in the Statements of Financial Position is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade and non-trade receivables				
As reflected in the Statements of Financial Position (Note 21)	2,023,172	3,376,161	790,293	73,906,711
Less: Deposits	(174,216)	(1,723,083)	(54,603)	(1,560,420)
Less: Prepayments	(83,841)	(101,472)	-	(31,281)
	<u>1,765,115</u>	<u>1,551,606</u>	<u>735,690</u>	<u>72,315,010</u>

Deposits and prepayments of the Group and of the Company totaling RM258,057 (2018: RM1,824,555) and RM54,603 (2018: RM1,591,701) respectively are not financial assets as they did not represent contractual right to receive cash or deliver and exchange financial instruments in future.

A reconciliation of trade and other payable in financial liabilities to the amounts reflected in the Statements of Financial Position is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade and non-trade payables				
As reflected in the Statements of Financial Position (Note 26)	17,997,620	14,145,789	72,367,000	71,022,893
Less: Provision	(4,569,147)	(4,569,147)	-	-
	<u>13,428,473</u>	<u>9,576,642</u>	<u>72,367,000</u>	<u>71,022,893</u>

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group's finance department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(b) Financial risk management (continued)****(i) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and non-trade receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties and deposits with banks and financial institutions with good credit rating.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Trade receivables

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

The Company has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Trade receivables (continued)**

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

	2019 RM	2018 RM
Not past due	555,616	373,531
Past due:		
- Less than 30 days	316,058	-
- Between 31 to 60 days	65,788	-
- Between 61 to 90 days	40,331	-
- Between 91 to 120 days	20,791	-
- More than 120 days	108,701	3,068,568
	551,669	3,068,568
Impaired	(124,004)	(2,054,655)
	<u>983,281</u>	<u>1,387,444</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables without repayment are written off if past due for more than one (1) year but could still be subject to enforcement activities.

The Group has no significant concentration of credit risk arising from exposure to a single or group of receivables as at the current reporting date.

Inter-company advances

The Company provides advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the advances on an individual basis and considers advances to subsidiary companies to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available. The impairment for estimated irrecoverable amount from subsidiary companies of RM156,187,685 (2018: RM76,408,099) has been provided for by the Company.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Other receivables

The impairment for estimated irrecoverable amount from other receivables of RM315,854 (2018: RM315,854) by the Group. The Group measures the allowance for impairment for other receivables using a lifetime expected credit loss using the general Three (3) stage ECL model.

Financial guarantees

The fair value of financial guarantees provided by the Company to a licensed bank to secure banking facility granted to a subsidiary company with nominal account of RMNil (2018: RM25,000,000) is negligible because the actual interest charged by the bank is not materially different from the borrowing costs of the subsidiary and the outstanding borrowing is adequately secured over the assets of the respective subsidiary in which their market values upon realisation are expected to be higher than the outstanding borrowing amounts.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1 – 5 years	Over 5 years
	RM	RM	RM	RM	RM
2019					
Loans and borrowings	9,046,079	11,162,265	4,422,626	2,108,418	4,631,221
Trade and non-trade payables	13,428,473	13,428,473	13,428,473	-	-
	<u>22,474,552</u>	<u>24,590,738</u>	<u>17,851,099</u>	<u>2,108,418</u>	<u>4,631,221</u>
2018					
Loans and borrowings	35,095,157	40,573,102	16,702,836	18,446,562	5,423,704
Trade and non-trade payables	9,576,642	9,576,642	9,576,642	-	-
	<u>44,671,799</u>	<u>50,149,744</u>	<u>26,279,478</u>	<u>18,446,562</u>	<u>5,423,704</u>
Company					
2019					
Loans and borrowings	5,016,300	7,061,221	486,000	1,944,000	4,631,221
Trade and non-trade payables	72,367,000	72,367,000	72,367,000	-	-
	<u>77,383,300</u>	<u>79,428,221</u>	<u>72,853,000</u>	<u>1,944,000</u>	<u>4,631,221</u>
2018					
Loans and borrowings	5,501,687	7,853,704	486,000	1,944,000	5,423,704
Trade and non-trade payables	71,022,893	71,022,893	71,022,893	-	-
	<u>76,524,580</u>	<u>78,876,597</u>	<u>71,508,893</u>	<u>1,944,000</u>	<u>5,423,704</u>

At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 9 *Financial Instruments* are not included in the above maturity profile analysis.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**29. Financial instruments (continued)****(b) Financial risk management (continued)****(iii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its loans and borrowings with floating interest rate. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

Effects on loss after taxation	Group		Company	
	(Increase)/Decrease		(Increase)/Decrease	
	2019	2018	2019	2018
	RM	RM	RM	RM
Increase of 25bp/25bp	(16,708)	(66,030)	(9,531)	(10,453)
Decrease of 25bp/25bp	16,708	66,030	9,531	10,453

30. Fair value information

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use the following fair value hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting date, the Group held the following at fair value in the statements of financial position:

Group

2018	Carrying amount	Level 1	Level 2	Level 3
Financial asset	RM	RM	RM	RM
Other investments	538,874	538,874	-	-

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**30. Fair value information (continued)**

The following gives information on how the fair value is determined based on the valuation technique and input used:

Other investments

The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

There is no transfer between Level 1 and Level 2 during the financial year.

The fair values of non-financial instrument that are not measured at fair value but fair value disclosure is required is as follows:

Investment properties**Group/Company**

2019	Carrying amount	Fair value measurement	Level 1	Level 2	Level 3
Non-financial asset	RM	RM	RM	RM	RM
Investment property	5,267,390	6,521,958	-	-	6,521,958

The fair value of the investment property was based on updated market information relevant to the property, to assess changes in its fair value.

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The Group has no fixed rate financial liabilities (other than finance leases which is outside the scope of MFRS 139) and therefore the fair value of its loans and borrowings are not materially different from their carrying values, as floating rate instruments are re-priced to market interest rates on or near the reporting date.

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year.

The Group manages its capital based on gearing ratio. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans and borrowings less cash and cash equivalents.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**31. Capital management (continued)**

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	9,046,079	35,095,157	5,016,300	5,501,687
Less: Cash and cash equivalents	449,041	8,862,500	360,019	7,964,367
Net debt	8,597,038	26,232,657	4,656,281	(2,462,680)
Total equity	<u>170,286,726</u>	<u>186,096,837</u>	<u>(9,203,899)</u>	<u>97,305,636</u>
Gearing ratio	<u>0.05</u>	<u>0.14</u>	<u>-</u>	<u>-</u>

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

Under the requirements of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty five percent (25%) of the issued and paid up capital and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

The Group is not subject to any other externally imposed capital requirements.

32. Segment information**(i) Operating segment**

For management purposes, the Group is organised into business units based on products and services, and has three (3) reportable operating segments as follows:

- (a) Property development segment is in the business of developing property for sale and/or hold properties for its own investment purpose.
- (b) Construction segment is in the business of constructing of residential, addition and alterations, refurbishment and restoration of buildings.
- (c) The Corporate and other segment is in the business of holdings 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.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

The Group's Chief Operating Decision Maker 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 operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

32. Segment information (continued)

(i) **Operating segment (continued)**

2019	Property development RM	Construction/ Trading of building material RM	Corporate and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
Revenue						
External customer	705,000	9,870,885	-	-		10,575,885
Total revenue	705,000	9,870,885	-	-		10,575,885
Results						
Interest income	123,966	153	50,173	-		174,292
Depreciation and amortisation	(249,894)	-	(348,595)	-		(598,489)
Finance costs	(891,360)	-	(300,664)	-		(1,192,024)
Segment (loss)/profit	(142,416,178)	(5,057,646)	(21,603,924)	150,130,182	(a)	(18,947,566)
Assets and liabilities						
Additions to non-current assets	11,479	-	720	-	(b)	12,199
Segment assets	311,865,215	3,136,029	202,819,559	(306,240,254)		211,580,549
Segment liabilities	347,653,039	7,587,040	146,534,838	(460,481,094)		41,293,823

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

32. Segment information (continued)

(i) **Operating segment (continued)**

2018	Property development RM	Construction RM	Corporate and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
Revenue						
External customers	-	817,139	-	-		817,139
Total revenue	-	817,139	-	-		817,139
Results						
Interest income	1,636,328	-	-	-		1,636,328
Depreciation	(307,376)	-	(338,876)	-		(646,252)
Finance costs	(31,720)	-	(330,642)	-		(362,362)
Segment loss	(16,038,065)	(337,520)	(1,568,684)	(2,467,849)	(a)	(20,412,118)
Assets and liabilities						
Additions to non-current assets	983	-	404,642	-	(b)	405,625
Segment assets	375,772,458	15,154,137	220,130,884	(358,600,771)		252,456,708
Segment liabilities	371,497,416	11,552,021	142,234,538	(458,924,104)		66,359,871

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**32. Segment information (continued)****(i) Operating segment (continued)**

Notes: Nature of adjustment and eliminations to arrive at amounts reported in the consolidated financial statements.

(a) Inter-segment expenses are eliminated on consolidation.

(b) Additions to non-current assets consist of:

	Group	
	2019	2018
Furniture, fittings, office equipment and signboard	12,199	2,735
Motor vehicles	-	379,552
Renovation	-	23,140
Tools and equipment	-	198
	<u>12,199</u>	<u>405,625</u>

(ii) Geographical information

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

(iii) Major customers

Revenue from 1 (2018: Nil) major customers amounted to RM9,931,099 (2018: RMNil) arising from the sales of building materials.

33. Material litigations

- (i) An adjudication was initiated by R&C Cergas Teguh Sdn. Bhd. (RCCTSB) according to Section 8 of Construction Industry Payment & Adjudication Act, 2012 and served to Bertam Development Sdn. Bhd. (BDSB), a wholly-owned subsidiary of the Company, in relation to the payment claims certified and also sum of works completed but not certified outstanding totaling RM5,818,553 for the construction of Forty-Seven (47) units of 2 ½ storey houses on land known as Lot 811-837, 848-850 and 853-862, Seksyen 6, Bandar Kuah Daerah Langkawi, Kedah Darul Aman (Taman Bukit Indah).

Adjudication decision has been made by the adjudicator appointed according to Section 21 of Construction Industry Payment & Adjudication Act, 2012 on 21 February 2017, which determined the adjudicated amount of RM4,111,268 together with interest at the rate of 7.65% per annum from 27 May 2016 until the date of full payment of the adjudicated amount, and that the adjudicated amount shall be paid on or before 23 March 2017. It was also determined that BDSB shall pay the cost of adjudication proceedings.

While seeking further legal advice from BDSB's solicitors with regards to the adjudication decision, total amount of RM4,443,247 has been transferred by BDSB to its solicitor as the stakeholder fund on 15 June 2017.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

33. Material litigations (continued)

- (i) On 20 December 2017, a Winding-Up Order by Court dated 30 November 2017 was served against BDSB for the amount outstanding as mentioned above. According to the said Order, BDSB shall be wound up by the High Court of Malaya at Kuala Lumpur under the Companies Act, 2016 and that the Official Receiver shall be appointed as liquidator of BDSB.

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 Order on the ground of abuse of process.

On 23 April 2018, the Court had given the direction to both parties to look into the possibility of settlement of the amount outstanding of RM4,568,203 amicably. On 21 May 2018, BDSB withdrawn its appeal in the Court of Appeal after the full settlement of the amount outstanding of RM4,670,165.

On 18 April 2018 and 5 July 2018, Pacific-V Holdings (M) Sdn. Bhd. and Mohd Khairul Bin Abdullah, have served a Winding-Up Petition against BDSB for the amount outstanding of RM1,869,253 and RM84,177, respectively.

The said liabilities have been fully settled and the Winding-Up Order granted on 30 November 2017 was terminated on 17 June 2019.

- (ii) On 9 April 2015, BDSB has entered into sale and purchase agreements with Yui Swee Ying, Yui Swee Lian, Yui Chin Yi and Yui Chin Song for the sale of Five (5) units of single-storey terrace house at Taman Suria with total purchase price amounting to RM800,000.

As at the date of this report, the purchase price is still outstanding on the basis of argument raised by the purchasers that they were the immediate family members of Yui Chin Song, who is also one of the Director of Pacific-V Holdings Sdn. Bhd. of which Pacific-V Holdings Sdn. Bhd. and BDSB had entered into a Joint Development agreement on 8 February 2010 for the development of Seventy-Four (74) units single-storey terrace house on Lot 8735-8808, Mukim Tampin Tengah, Daerah Tampin, Negeri Sembilan (Taman Suria) and hence, the outstanding purchase price was to be contra with the amount due to Pacific-V Holdings Sdn. Bhd. by BDSB.

BDSB filed a legal suit against the purchasers and seek to claim back the possession of the said properties.

On 22 June 2018, the Court ruled in favour of BDSB with regards to the litigation action taken by BDSB against purchasers on the ground that the sale and purchase agreements signed between BDSB and the purchasers were cancelled and terminated due to default in the payment of deposit and remaining of purchase price.

The purchasers had filed an appeal on 1 March 2019 against the decision to the High Court and eventually to the Court of Appeal vide a Notice of Appeal dated 22 March 2019. The Appeal has been fixed for case management on 10 February 2020 and the Court of Appeal has adjourned the matter for further case management on 23 June 2020.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**34. Significant events****Practice Note 17 (“PN17”) Status**

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 more than 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 33 to the financial statements.

In compliance with paragraph 4.1 of PN17, the Company is required to submit the Regularisation Plan to the relevant authorities by 3 April 2019. The Company had to announce the details of the Regularisation Plan (“Requisite Announcement”) and sufficient information to demonstrate that the Company is able to comply with all the requirements set out in Paragraph 5.0 of PN17 after implementation of the Regularisation Plan, which shall include a timetable for the complete implementation of the Regularisation Plan. The Requisite Announcement must be made by the Company’s Principal Adviser.

The Company had, on 27 February 2019 made an application to Bursa Malaysia Securities Berhad (“Bursa Securities”) for an extension of time (1st extension) up to 3 October 2019 to submit a regularisation plan to the regulatory authorities and approved by Bursa Securities on 26 March 2019. On 24 September 2019, the Company had submitted an application for an extension of time (2nd extension) up to 3 April 2020 and Bursa Securities had on 14 October 2019 approved the application.

On 3 April 2020, a further application for extension of time (3rd extension) up to 3 October 2020 had been submitted to Bursa Securities for its approval and the application had been subsequently approved by Bursa Securities on 5 May 2020.

As at date of this report, the Company is still working towards the plan to regularise its financial condition (“Regularisation Plan”). The Company will make the necessary announcement on the Regularisation Plan in accordance with the requirements under PN 17.

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019**35. Events after reporting period****(i) Coronavirus disease 2019**

Subsequent to the financial year end, the outbreak of coronavirus disease 2019 (“COVID-19”) caused the World Health Organisation (“WHO”) to declare it as a public health emergency on 30 January 2020. This outbreak has caused serious business interruptions in most countries and regions, including Malaysia, and likely to adversely impact the values of businesses around the world. The full scale of the impact of COVID-19 on financial reporting will be known when more information comes to light and depends on government initiatives around the world to contain the virus and ability of medical science to respond to the situation.

(ii) Termination of collaboration agreement with Liu Sheng Hui

As per announcement on 20 March 2020, the Company issued a termination letter to Liu Sheng Hui (“LSH”) to terminate the collaboration agreement executed on 18 October 2019 as LSH has not initiated any joint venture agreement with the Group to jointly develop Luyang and Kepayan Projects after the execution of the collaboration agreement.

(iii) Extension of time for the submission of Regularisation Plan

The Company had announced on 6 May 2020 that the Company had on 3 April 2020 submitted an application for the third extension of time up to 3 October 2020 to submit a regularisation plan to relevant authorities and approved by Bursa Securities on 5 May 2020.

36. Changes in comparative information

	As Previously reported RM	Adjustment RM	As restated RM
Statements of profit or loss and other comprehensive income			
Group			
<u>At 31 December 2018</u>			
Other operating expense	-	94,947	94,947
Impairment losses on financial assets	94,947	(94,947)	-
Company			
<u>At 31 December 2018</u>			
Other operating income	108,975	2,776,473	2,885,448
Impairment losses on financial assets	2,776,473	(2,776,473)	-
Other operating expenses	-	300,107	300,107
Administrative expenses	4,477,041	(300,107)	4,176,934

BERTAM ALLIANCE BERHAD

Registration No: 199401019851 (305530 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

36. Changes in comparative information (continued)

Impairment losses on financial assets for the financial year ended 31 December 2018 is now presented within other operating income and other operating expenses respectively to conform current year presentation.

LIST OF PROPERTIES

No.	Properties & Locations	Description	Area / Built-Up	Tenure	Age of Building	NBV as at 31/12/2019 (RM'000)	Date of Acquisition of 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	41,500	13/08/2014
2	Unit No. 23-01 to 23-05, 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	Investment Properties	5,706 square feet	Leasehold expiring 2106	12 years	5,267	24/11/2014
3	Unit No. 23-06 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	3,301 square feet	Leasehold	12 years	2,903	24/11/2014
4	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
5	CL 215465802, Lot G Land, Off Jalan Pintas, Donggongan Kepayan, District of Penampang, Sabah	Vacant development land	4.223 acres	Leasehold	N/A	18,400	26/06/2020

ANALYSIS OF SHAREHOLDINGS

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 11 JUNE 2020

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	17	1.545	773	0.003
100 - 1,000	306	27.818	268,524	0.130
1,001 - 10,000	452	41.091	2,311,928	1.118
10,001 - 100,000	250	22.727	9,165,083	4.433
100,001 - Less than 5% of Issued Shares	72	6.545	102,739,289	49.691
5% and above of Issued Shares	3	0.273	92,270,900	44.628
Total	1,100	100.000	206,756,497	100.000

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	37,700,000	18.234	-	-
3	Chiew Boon Chin	-	-	-	-
4	Koo Jenn Man	393,500	0.190	-	-
5	Liu Shenghui	28,920,000	13.988	-	-

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	37,700,000	18.23	-	-
2	Liu Shenghui	28,920,000	13.988	-	-
3	Phillip Securities (Hong Kong) Ltd (Client's Account)	26,650,900	12.406	-	-

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(According to the Record of Depository as at 11 June 2020)

No.	Name of Shareholders	No. of Shares	%
1	SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK FOH	37,700,000	18.234
2	KENANGA NOMINEES (ASING) SDN BHD LIU, SHENGHUI	28,920,000	13.988
3	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	25,650,900	12.406
4	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	9,629,200	4.657
5	SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TUNG FONG HOTEL (SDK) SDN BHD	7,100,000	3.434
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHANG HUAN SOON	6,980,000	3.376
7	TEH KIM TECK	6,542,000	3.164
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD CHUA PENG BOON @ CHOY AH MUN	6,357,700	3.075
9	LIM FEI VOON JOANA	5,961,500	2.883
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA SEONG KHEONG	5,802,200	2.806
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD LIM FEI NEE	5,297,300	2.562
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAU KIM HIAN (M01)	5,145,200	2.489
13	TRADEMA HOLDINGS SDN.BHD.	4,181,000	2.022
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CLASSICAL GLORY SDN. BHD. (M01)	3,689,000	1.784
15	AKAS PERMAI SDN BHD	2,989,000	1.446
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA PENG BOON @ CHOY AH MUN	2,753,100	1.332
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD CHIN CHEE KAN (8117641)	1,945,400	0.941
18	LIM TSHUNG YAW	1,800,000	0.871
19	ONG LEE VENG @ ONG CHUAN HENG	1,777,000	0.860
20	WEI HAN SDN BHD	1,579,000	0.764
21	BREM DEVELOPMENT SDN. BHD.	1,507,000	0.729
22	YEW VUI HEUNG	1,416,800	0.685
23	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR YAHYA BIN RAZALI	1,199,900	0.580
24	CLASSICAL GLORY SDN BHD	1,189,900	0.576
25	VOO KWEE HIONG	945,800	0.457
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHENG CHAI	770,000	0.372
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	763,700	0.369
28	S'NG SOO ENG	727,000	0.352
29	WONG YOKE MOI	690,000	0.334
30	LIM VUI CAN	658,800	0.319

BERTAM

BERTAM ALLIANCE BERHAD
(Incorporated in Malaysia)
[Registration No. 199401019851 (305530-A)]

FORM OF PROXY

(Before completing this form, please refer to the notes below)

I/We, _____ NRIC No./Passport No./Company _____

No. _____

(Full name in capital letters)

of _____

(Full address)

being a member(s) of BERTAM ALLIANCE BERHAD [Registration No. 199401019851 (305530-A)] hereby appoint

_____ of
(Full name in capital letters) (Proxy 1) NRIC No./Passport No. _____

and/or* _____ (Full name in capital letters) (Proxy 2) NRIC No./Passport No.

_____ 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-Fifth Annual General Meeting ("26th AGM") of the Company will be held at Living Hall 1, 1st Floor, Livingston Hotel -Sandakan, Jalan Utara, Mile 4, 90000 Sandakan, Sabah, Malaysia, on Thursday, 23 July 2020 at 9.00 a.m. or at any adjournment thereof in the manner as indicated below:-

ORDINARY BUSINESS	RESOLUTIONS	*FOR	*AGAINST
To approve the payment of Directors' fees and other benefits payable of up to RM396,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 26th AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 1		
To re-elect Datuk Mohamed Arsad Bin Sehan as Director	Ordinary Resolution 2		
To re-elect Mr Koo Jenn Man as Director	Ordinary Resolution 3		
To re-elect Mr Liu Shenghui as Director	Ordinary Resolution 4		
To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
SPECIAL BUSINESS			
Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 6		
Proposed Renewal of Shareholders' Mandate	Ordinary Resolution 7		
Proposed Renewal of Share Buy-Back Authority	Ordinary Resolution 8		

(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 2020

Number of Shares :	
CDS Account No.:	
Telephone no.	
(During Office Hour) :	

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares:
Percentage :%

Second Proxy
No. of Shares:
Percentage :%

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

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 14 July 2020. 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 office, Boardroom.com Sdn. Bhd. at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 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 of AGM will put to vote by way of poll.

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Affix
Stamp

Boardroom.com Sdn Bhd
[200801019600 (820910-X)]
The Share Registrar of
BERTAM ALLIANCE BERHAD
[199401019851 (305530-A)]
Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Then fold here

BERTAM ALLIANCE BERHAD
Registration No. 199401019851(305530-A)

Lot 50, Ground Floor,
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Tel : 6088-382000 Fax : 6088-382000

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