

BERTAM ALLIANCE BERHAD

Registration No. 199401019851 (305530-A)



2021 ANNUAL REPORT



28th ANNUAL GENERAL MEETING

Date

Thursday, 30 June 2022

Time

11.30 a.m.

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NOTICE OF TWENTY-EIGHT ANNUAL GENERAL MEETING

28th
ANNUAL
GENERAL
MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting ("28th AGM") of Bertam Alliance Berhad ("Bertam" or the "Company") will be conducted on a fully virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities hosted on the VirtualeAGM e-portal at www.vpoll.com.my (Domain Registration No. D1A457149) provided by AI Smartual Learning Sdn. Bhd. in Malaysia on Thursday, 30 June 2022 at 11.30 a.m. or at any adjournment thereof to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | Please refer to
Explanatory Note 1 |
| 2. | To approve the payment of Directors' fees and other benefits payable of up to RM250,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 1 July 2022 until the conclusion of the next AGM of the Company in year 2023. | Ordinary Resolution 1 |
| 3. | To re-elect Mr Lim Nyuk Foh as Director who retires by rotation in accordance with Clause 105(1) of the Company's Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 2 |
| 4. | To re-elect Mr Chui Vui Leong @ Chiew Vui Leong as Director who retires in accordance with Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 3 |
| 5. | To re-elect Mr Liew Chee Keong as Director who retires in accordance with Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 4 |
| 6. | 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 |

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 pursuant to Sections 75 and 76 of 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 its subsequent letter dated 23 December 2021 on the extension of implementation of the 20% General Mandate 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") being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to its subsequent letter dated 23 December 2021 to grant its extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance;

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

AND THAT authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

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

Ordinary Resolution 7

"THAT, subject to the provisions of the MMLR 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 the Existing 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 29 April 2022 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 the Existing Shareholders' Mandate."

8. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES 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 MMLR 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-EIGHTH 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. 202208000250)

THIEN LEE MEE (LS0009760/PC No. 201908002254)

Company Secretaries

Date: 29 April 2022

Notes:

- i. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 22 June 2022. 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-EIGHTH 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, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, 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.
- ix. The Meeting will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation Voting (RPV) facilities provided by AI Smartual Learning Sdn. Bhd. in Malaysia via its portal website at www.agm.virtualeagm.com.my. Please refer to the Administrative Guide on the registration and voting process for the Meeting.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2021

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 28th AGM until the conclusion of the next AGM of the Company in year 2023.

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.

3. Ordinary Resolutions 2 to 4 – Re-election of Directors

Mr Lim Nyuk Foh, Mr Chui Vui Leong @ Chiew Vui Leong and Mr Liew Chee Keong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 28th AGM.

The Board had endorsed the Nomination Committee's recommendation to re-elect the Directors standing for re-election at the 28th AGM as they possess the required skill set to facilitate and contribute to the Board's effectiveness.

The Board has also through the Nomination Committee carried out assessment on the independence of Mr Chui Vui Leong @ Chiew Vui Leong and Mr Liew Chee Keong and is satisfied that they met the criteria of independence as prescribed by the MMLR of Bursa Securities.

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

4. Ordinary Resolution 6: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022.

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The Company had obtained the general mandate from the shareholders at the last 27th AGM held on 28 June 2021 ("Previous Mandate"). As at the date of this Notice, 41,350,000 new ordinary shares in the Company were issued by way of private placement and the total proceeds raised from the said private placement exercise was approximately RM3,841,415.00. The details and status of the utilisation of proceeds raised as disclosed under Additional Compliance Information set out in the Annual Report 2021.

The renewal of the general mandate will provide flexibility to the Company for any possible fund-raising activities without the need to convene a separate general meeting to specifically approve such issuance of shares and thereby reducing administrative time and costs associated with the convening of such meeting. However, at this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

5. Ordinary Resolution 7: 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.

The details of this proposed Ordinary Resolution are set out in the Circular/Statement to Shareholders dated 29 April 2022.

6. Ordinary Resolution 8: 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 29 April 2022.

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 28th 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 detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the MMLR of Bursa Securities are set out under Explanatory Notes on Special Business for Ordinary Resolution 6 of the Notice of the 28th AGM of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM NYUK FOH

Executive Director

LIEW CHEE KEONG

Executive Director

KOO JENN MAN

Non-Independent Non-Executive Director

LEE KOK TOONG @ LEE MING HENG

Independent Non-Executive Director

CHUI VUI LEONG @ CHIEW VUI LEONG

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

LEE KOK TOONG @ LEE MING HENG

Chairman

KOO JENN MAN

Member

CHUI VUI LEONG @ CHIEW VUI LEONG

Member

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
[202101043817 (1444117-M)]
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor
Tel No.: 03 -78900638
Fax No.: 03 -78901032

REMUNERATION COMMITTEE

LEE KOK TOONG @ LEE MING HENG

Chairman

CHUI VUI LEONG @ CHIEW VUI LEONG

Member

AUDITORS

MESSRS PKF PLT (202206000012 (LLP0030836-LCA)
& AF0911)
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

NOMINATION COMMITTEE

CHUI VUI LEONG @ CHIEW VUI LEONG

Chairman

LEE KOK TOONG @ LEE MING HENG

Member

CORRESPONDENCE ADDRESS

Lot 10, 8th Floor
Wisma Damai Point, Luyang
88300 Kota Kinabalu
SabahTel. No.: 088 -201832
Fax. No.: 088 -201832
Website: www.bertamalliance.com

COMPANY SECRETARIES

TAN TONG LANG

(MAICSA 7045482/ PC NO. 202208000250)

THIEN LEE MEE

(LS0009760/PC No. 201908002254)

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Cimb Bank Berhad
Rhb Bank Berhad

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor
Tel No.: 03 – 7890 0683
Fax No.: 03 – 7890 1032

SOLICITORS

Sanghrajka & Associates
Tan, Arthur Borine & Partners
Ronny Cham & Co.
Ben & Partners

STOCK EXCHANGE LISTING

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

MANAGEMENT DISCUSSION AND ANALYSIS



Bertam Alliance Berhad was incorporated in Malaysia under the Companies Act 1965 on 27 June 1994 as a public limited company under the name of UH Dove Holdings Berhad. We were listed on the Second Board of the Kuala Lumpur Stock Exchange (now the Main Market of Bursa Securities) on 30 May 1995.

Through our subsidiaries, we are principally involved in property development and construction contracting.

In 2002, our Company acquired Bertam Development Sdn Bhd, Budaya Identiti Sdn Bhd and Syarikat Sungei Buan Sdn Bhd, all of which are involved in property development activities. By leveraging on the capabilities of our subsidiaries, we were able to venture into the development of residential, commercial and mixed-development properties.

On 21 January 2003, our Company adopted the name Bertam Alliance Berhad ("**Bertam**").

In 2011, we launched our maiden development, being the Taman Suria development in Tampin, Negeri Sembilan comprising 74 units of single storey terrace houses with a total gross development value ("**GDV**") of RM2.4 million. This project was completed in 2016 when we delivered the vacant possession to home buyers.

Subsequently in 2012, we launched the Pangsapuri Berlian development in Batu Tiga, Shah Alam, Selangor comprising 80 units of medium and low-cost apartments with a total GDV of RM12.6 million. We completed this project in 2014 upon delivery of vacant possession to home buyers.

In 2013, we launched the Pangsapuri Suria development in Kota Damansara, Selangor comprising 120 units of medium cost and medium low-cost apartments, with a total GDV of RM41.9 million. This project was completed in 2015 when

we delivered the vacant possession to home buyers.

In 2014, we launched another project in Kota Damansara, Selangor being the Casabella @ Kota Damansara development, comprising 72 units of 3-storey bungalows, with a total GDV of RM146 million. We completed this project in 2015 upon delivery of vacant possession to home buyers

In 2015, we launched the Taman Bukit Indah development in Kuah, Langkawi, Kedah comprising 33 residential units with a total GDV of RM40.0 million. The Taman Bukit Indah development was completed in 2015 when we delivered the vacant possession to home buyers.

In 2016, we acquired 2 landbanks in Kepayan, Kota Kinabalu, Sabah.

In 2017, we acquired 1 landbank in Kepayan, Kota Kinabalu, Sabah. In 2021, we secured a contract from Wijaya Daya Sdn Bhd, a company related to one of the director who is the project consultant of the company, for the construction of building and infrastructure works in respect of the SPRM Complex Project. We commenced construction works for this project in November 2021. During the year, we also secured a contract from Wijaya Daya Sdn Bhd for the design, fabrication, delivery and installation of composite stainless-steel tank, repair and enhancement works for the Sabah Water Project. We commenced construction works for this project in November 2021. We were further awarded a contract by Wijaya Daya Sdn Bhd in 2021 for the design and construction of a water dam in respect of the Tawau Water Dam Project. We commenced construction works for this project in December 2021.

In 2022, we received a Letter of Intent from Bestajaya Sdn Bhd for slope repair works for a stretch of road at Jalan Mesej Timpangoh, Penampang, Sabah.

MANAGEMENT DISCUSSION AND ANALYSIS



Future projects

The Groups has the following land banks which has been planned for future project development as detailed in the following paragraph. However, due to the uncertainty of the property markets prospect in the past few year and the financial condition of the Group, the development had been delayed. The Group is also exploring opportunity for disposal of part of the lands shall there be a prospective buyer identified.

(i) Telipok, Kota Kinabalu, Sabah

Proposed mixed development comprising low-medium cost apartment and shop lots across 33.05 acres of land at Telipok. Telipok is a township located approximately 28km from Kota Kinabalu city centre. The proposed development is expected to span over a period of eight (8) years and will be divided into four (4) phases. The entire development has an estimated GDV of RM869.0 million. The Development Plan was submitted to Majlis Daerah Tuaran and Sabah Central Board for approval on 3 November 2016. On 12 March 2018, the management resubmitted an enhanced Development Plan, supplemented with a traffic impact assessment, to Majlis Daerah Tuaran and Sabah Central Board for approval. This enhanced Development Plan was subsequently approved on 29 March 2021.

(ii) Luyang, Kota Kinabalu, Sabah

Proposed residential development comprising residential apartments across 2.75 acres of land at Luyang. The zoning for this parcel of land has been converted from high density residential to commercial mixed use. On 18 February 2019, Bertam Development Sdn Bhd obtained planning approval from Dewan Bandaraya Kota Kinabalu for the proposed amendment to develop serviced suites on this parcel of land. The development is expected to span over three (3) years with an estimated GDV of approximately RM343.0 million. Bertam Development Sdn Bhd originally submitted the Development Plan for this project on 29 November 2019 and plan to submit a revised Development Plan in the third quarter of 2022.

(iii) Kepayan, Kota Kinabalu, Sabah

Proposed residential development across 6.3 acres of land in Kepayan. The development is being marketed as Idaman Residence and is expected to span over a period of three (3) years with an estimated GDV of approximately RM150.0 million. Approvals from the relevant authorities have been obtained.

Idaman Residence is envisioned as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

Our past property developments in Peninsular Malaysia serve as a testament of our track record in property development. As at the LPD, we have sold all of the units in our past property developments. This is an advantage to us as it will provide us with the platform to develop and attract potential buyers for the Idaman Residence project.

We have received all the requisite approvals from the relevant authorities for this project. Barring any unforeseen circumstances, we expect to commence construction works in the fourth quarter of 2022.

Notwithstanding the COVID-19 pandemic and resulting MCOs, we believe that demand for residential properties in Sabah will continue to grow as it will be supported by the initiatives and stimulus packages implemented by the Government of Malaysia, as mentioned in the IMR Report.

Provision of construction management services

We are also involved in the provision of construction services for public infrastructure.

As a provider of construction contracting services, we undertake project planning and design as well as construction management prior to handover. Specifically, we are involved in the implementation of construction projects, which includes project planning and design development, as well as daily management of all the works required for timely completion of the projects.

We engage subcontractors to provide selected services such as supply and installation of construction materials, machinery and equipment, geotechnical and piling works, main building works, road works and internal infrastructure and landscaping works as well as other specialised trade works such as mechanical and electrical (M&E) engineering works, drainage and sewerage works as well as other related works. By engaging our Company, our customers only need to liaise with a single party throughout the duration of the construction project.

Currently, our ongoing construction projects are as follows:

Project	Date of contract	Contract value (RM '000)	Outstanding contract value (RM '000)
Construction of building and infrastructure works in respect of the SPRM Complex Project	25 October 2021	27,157	26,375
Design, fabrication, delivery and installation of composite stainless-steel tank, repair and enhancement works for the Sabah Water Project	05 November 2021	15,756	13,308
Design and construction of a water dam in respect of the Tawau Water Dam Project	27 December 2021	4,858	4,408

We will continue to replenish and grow our order book for the provision of construction services which will contribute to expanding our market presence.

Our current construction projects will serve as reference to secure future tender opportunities as we are equipped with the required knowledge and technical skills to manage and execute the construction of

these projects. Further, these projects have served to equip us with the expertise and skills required for the construction of public infrastructure projects. Moving forward, we intend to further capitalise on our expertise and business network to participate in more tender exercises for public infrastructure projects where the growth prospects appear promising.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL INFORMATION

The Group registered a revenue of RM3.5 million for the financial year ended 31 December 2021. Year-on-Year, the Group's revenue has declined by RM 2.8 million mainly due to decreased of revenue from construction contracts.

The Group recorded a loss before tax of RM 4.1 million for the financial year ended 31 December 2021 as compared to a loss before tax of RM 40.8 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 2021 consist of RM 0.8 million of bank overdraft and RM 0.1 million of finance lease.

HUMAN RESOURCES DEVELOPMENT

It is recognised that a sustainable organisation 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.

The Company had on 30 March 2022 submitted the application for the Proposed Regularisation Plan, admission of the Warrants to the Official List and listing of and quotation for the Subscription Shares, Rights Shares, Warrants and new Bertam Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities to Bursa Securities. As at the date of this report, the Application is pending the approval from Bursa Securities.

CORPORATE SUSTANABILITY 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. Caring for people, community and environment
- v. Creating a happy and loving work place for our employee;
- vi. Empowering our people towards personal and professional growth through continuous learning
- vii. Improving efficiency of materials, water, power and papers usages and reducing and recycling wastages; and
- viii. 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;
- 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

LIM NYUK FOH

- *Executive Director*
- *Aged 58, Malaysian, Male*
- *Appointed to the Board on 17 October 2014*
- *Re-designated from Managing Director to Executive Director on 22 November 2019*

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 markets in 1989. In 1990, he founded Priceworth Industries Sdn Bhd, to undertake the sawmilling and timber harvesting business. He has over 20 years of extensive experience in the timber industry.

He is currently 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 (15.20%) ordinary shares in the Company.

LIEW CHEE KEONG

- *Executive Director*
- *Aged 45, Malaysian, Male*
- *Appointed to the Board on 1 November 2021*

Liew Chee Keong holds a Diploma majoring in Civil Engineering from Institute Technology Utama College from 1996 to 1998.

Prior to his present position as Director of Duta Nusajaya Sdn Bhd since 2010, he was a Marketing Manager for BHO Group Sdn Bhd from 2007 to 2020. He was a Director of Carrier Zone Glass & Aluminium Sdn Bhd from 2002 to 2002. He held the post of Salesman of Monmiu Glass & Aluminium Sdn Bhd from 2001 to 2002 and for Yee Sang Enterprise Sdn Bhd from 1999 to 2000.

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

KOO JENN MAN

- *Non-Independent Non-Executive Director*
- *Member of the Audit and Risk Management Committee*
- *Aged 49, 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 sustainable forest management, timber processing, log trading and shipyard.

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 (0.16%) ordinary shares in the company.

PROFILE OF DIRECTORS

LEE KOK TOONG @ LEE MING HENG

- Independent Non-Executive Director
- Appointed as Chairman of the Audit and Risk Management Committee on 15 April 2021
- Appointed as Chairman of the Remuneration Committee on 15 April 2021
- Appointed as Member of the Nomination Committee on 15 April 2021
- Aged 70, Malaysian, Male
- Appointed to the Board on 15 April 2021

Lee Kok Toong @ Lee Ming Heng was appointed to the Board on 15 April 2021 as an Independent Non-Executive Director.

Prior to his present position of Managing Director of K-Excel Sdn Bhd since 2009, he was an Audit Senior with Ernst & Young from 1970 to 1982. During his tenure as the Finance Manager for Innoprise Corporation Sdn Bhd from 1982 to 1990, he acquired his Chartered Institute of Management Accountant qualification. He held the post of Finance Manager for Innoprise Wood Products Sdn Bhd from 1991 to 1994, and for Pacific Hardwoods Sdn Bhd from 1994 to 1996. From 1997 to 2009, he was the General Manager for Tawau Plywood Manufacturing Sdn Bhd.

He sits on the Board of Kretam Holdings Berhad as an Independent Non-Executive Director.

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

CHUI VUI LEONG @ CHEW VUI KEONG

- Independent Non-Executive Director
- Appointed as Chairman of the Nomination Committee on 24 November 2021
- Appointed as Member of the Audit and Risk Management Committee on 26 January 2022
- Appointed as Member of the Remuneration Committee on 24 November 2021
- Aged 62, Malaysian, Male
- Appointed to the Board on 1 November 2021

Chui Vui Leong @ Chiew Vui Keong graduated from Oklahoma State University, USA with a B.SC in Agricultural Economics-Marketing & Business.

With about 30 years in Managerial position, particularly in Oil Palm and Tree Planation business. He was elected as Council Member of Sabah Timber Association from 2008 to 2020 and Central Committee Members of Sabah Timber Industries Associate from 2005 to 2020. Prior to his present position of Chief Operating Officer of Sabah International Diaries Sdn Bhd since September, 2021, he held the following positions:

- General Manager – Marketing and Trade Division of Sabah Softwoods Berhad ("SSB") from September 1997 to May 2020;
- Assistant General Manager for Innoprise Corporation Sdn Bhd ("ICSB") from July 1995 to August 1997;
- Senior Investment Officer for ICSB from October 1991 to June 1995;
- Executive Assistant to General Manager for SSB from April 1989 to September 1991;
- Investment Office for ICSB from October 1985 to March 1989;
- Loss Adjuster at Robins Davies Sdn Bhd from February to September 1985;
- Marketing Supervisor for C&L Enterprise Sdn Bhd from January to July 1981; and
- Valuation Assistant for CH William Talhar & Wong Sdn Bhd from February to December 1980.

He does not have any interest in 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. *Other than the related parties transaction disclosed on Annual Report, none of the Directors have any conflict of interests with the Company.*
3. *Other than traffic offences, none of the Directors have been convicted for any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021, Save for Lim Nyuk Foh and Koo Jenn Man were publicly reprimanded and total fined of RM150,000 by Bursa Malaysia Securities Berhad as a Directors of the Company on 4 March 2021 and 28 July 2020 respectively for breach of certain provisions of the Main Market Listing Requirements*
4. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 25.*

KEY SENIOR MANAGEMENT PROFILE

LIM NYUK FOH

- *Executive Director*
- *Age 58, 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 pages 15 of this Annual Report 2021.

LIEW CHEE KEONG

- *Executive Director*
- *Aged 45, Malaysian, Male*

Our Executive Director, Mr Liew Chee Keong, heads the management team on the construction contract operation. He is the Key Senior Management and his profile as set out in the Board of Directors' Profiles on pages 15 of this Annual Report 2021.

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 2021. 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 Executive 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 process 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.

The risk assessment exercise was conducted during the financial year ended 31 December 2020 and there were five (5) main risks identified at the Group level as follows:

1. Inability to maintain the listing status of BAB on Bursa Malaysia;
2. Difficulty in commencing property development project;
3. Legal suit by Inland Revenue Board ("IRB");
4. Monitoring on the timeliness of completion of the projects awarded; and
5. Lack of compliance with Bursa rules and regulations.

These risks had presented to the ARMC for deliberation.

KEY ELEMENTS OF INTERNAL CONTROL

(i) Internal Audit

The Internal Auditors that report to the Audit Committee, conducts reviews on the adequacy and effectiveness of the internal control system of the Group. Where areas of improvement in the system are recommended, the Board reviews and considers the recommendations made by the Audit Committee and senior management.

However, as highlighted below, due to the Group's focus on developing the regulation plan, no internal audit reviews were carried out during the current financial year, but a review was carried out subsequent to the financial year, in January 2022, with the internal audit report finalised in March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

(ii) Audit Committee

The Audit Committee was set up with the view to assist and provide the Board with added focus in discharging its duties. The Audit Committee will review the financial performance and operations relating to business performance, productivity, internal controls and risk management of the Group, following which had reported its deliberations and recommendations to the Board. Henceforth, the Audit Committee will continue to convene quarterly meetings to advise the Board on findings and in particular, improvements of the risk management and internal controls of the Group.

Internal Audit Function

The Group has appointed an established external professional firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The internal audit is led by Mr Ryan Chong Chee Seng who has more than 20 years' experience in internal audit and reports directly to the Audit Committee to ensure impartiality and independence. He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Certified Internal Auditor and a Chartered Member of the Institute of Internal Auditors Malaysia. The firm carried out its functions according to the International Professional Practices Framework issued by the Institute of Internal Auditors Inc.

During the financial year ended 31 December 2021, the company was engaged with developing the regularization plan. Hence there was a delay in commencement of internal audit works and no internal audit works carried out as at end of the financial year. Nevertheless, the Audit Committee is cognizant of the need for assessment on the adequacy and effectiveness of the Group's risk management and internal control system. As such, the internal auditor has been appointed on 1 November, 2021 to undertake a review on the following scope:

- * Revenue
- * Project Management
- * Finance
- * Human Resource
- * Risk Management
- * Corporate Governance

The internal audit fee approved for undertaking the above review is RM16,000.00.

The internal audit review was carried out in January 2022 and internal audit report finalised on 28 March 2022.

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

BOARD'S COMMITMENT AND RESPONSIBILITIES (CONT'D)

- The ARMC reviews and discusses 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 ARMC.

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 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 2021. Their review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants.

Though AAPG 3 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 2021 (“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”) for the financial year ended 31 December 2021 and it is to be read together with the CG Report 2021 (“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 the 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 reviews the strategic plan of the Company tabled by Management at its meeting. The review would cover the performance targets and long-term plans of the Company to be met by Management. On an annual basis, the Executive Director and Management review with the Board the outlook of the relevant industries for the following financial year.

The Board is satisfied with the strategic plan of the Company as presented by the Management. The Board would continue to review the plan to ensure its implementation. 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: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

Since the departure of the Chairman of the Company, Datuk Mohamed Arsad Bin Sehan on 31 October 2021, who was a Senior Independent Non-Executive Chairman, the Company has yet to identify a new 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 Executive Directors (“EDs”)

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.

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

1.4 The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Since the departure of Chairman of the Company, Datuk Mohamed Arsad Bin Sehan, the Company has yet to identify a new chairman. Nevertheless, the Board will evaluate and identify a new Chairman.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

1.5 Qualified and Competent Company Secretaries

In compliance with Practice 1.5 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.

1.6 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: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

1.6 Access of Information and Advice (cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board 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 with 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 2021. Set out below is the record of attendance of the Board Member:-

Name of Directors	No. of Meetings Attended
Datuk Mohamed Arsad Bin Sehan (<i>Resigned on 31 October 2021</i>)	4/4
Mr Lim Nyuk Foh	5/5
Mr Chiew Boon Chin (<i>Resigned on 31 October 2021</i>)	4/4
Mr Koo Jenn Man	5/5
Mr Lee Kok Toong @ Lee Ming Heng (<i>Appointed on 15 April 2021</i>)	3/3
Liew Chee Keong (<i>Appointed on 1 November 2021</i>)	1/1
Chui Vui Leong @ Chiew Vui Leong (<i>Appointed on 1 November 2021</i>)	1/1

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 are 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: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 outs 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 Charter 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 Conduct and Ethics

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.

The Board has adopted a Whistle Blowing Policy to strengthen the integrity, governance and to be consistent with the anti-corruption framework established for the Group.

4.1 Sustainability Management

The Board together with Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance. Further information on the Company's approach towards sustainability is provided in the Corporate Sustainability Statement on pages 13 to 14 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PRINCIPLE A: PART 2 - BOARD COMPOSITION

5.1 Nomination Committee role on Board Composition

The Nomination Committees continue to discharge their functions and ensure that the board composition and tenure of each director are reviewed periodically.

The Nomination Committee will review the tenure and performance of each directors, where annual re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

5.2 Board Composition

As of the date of this statement, the Board comprised of the following:

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

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.

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 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 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 ensure 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 keeps 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

5.3 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 should provide justification and seek annual shareholders' approval through a two-tier voting process. 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. Before the 12th year tenure, the Nomination Committee will assess and decide whether the Independent Director who has served the Board for a cumulative term of twelve (12) years whether he/she can remain as a Director and be re-designated as non-independent directors.

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.

5.4 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 weather 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.

5.5 Boardroom and Senior Management Diversity

The Board pursues diversity in both the Board level and senior management level and recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at senior management will lead to better decisions.

Appointment of Board and senior management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background. Before any proposed appointment, the Board also take into account other requirements such as professionalism, integrity, competencies and ensure that no person shall be appointed on the Board if the person is or becomes an active politician, heads of state, heads of government and ministers. The Board also considered, amongst others, whether a Director is "over-stretched" in terms of his/her commitments to meet the expectation of the role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

5.6 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.

During the financial year ended 31 December 2021, Datuk Mohamed Arsad Bin Sehan had resigned as the Chairman/Senior Independent Non-Executive Director on 31 October 2021, Mr Chiew Boon Chin had resigned as an Executive Director on 31 October 2021, Mr Lee Kok Toong @ Lee Ming Heng was appointed as an Independent Non-Executive Director on 15 April 2021, Mr Liew Chee Keong was appointed as an Executive Director on 1 November 2021 and Mr Chui Vui Leong @ Chiew Vui Leong was appointed as an Independent Non-Executive Director on 1 November 2021.

5.6 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

5.6 Criteria for Recruitment (Cont'd)

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.

5.7 Appointment and Reappointment of Director

The Board took note on the recommendation by the MCCG, to ensure that shareholders have the information they require to make an informed decision on the appointment and reappointment of a director.

The profiles of the Directors, including their professional qualifications, work experiences and interest in the Company (if any) are set out in the Annual Report.

5.8 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	: Chui Vui Leong @ Chiew Vui Leong (Independent Non-Executive Director) (Appointed on 24 November 2021)
Member	: Lee Kok Toong @ Lee Ming Heng (Independent Non-Executive Director) (Appointed on 15 April 2021)

The past Chairman of Nomination Committee is Datuk Mohamed Arsad Bin Sehan had ceased on 31 October 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

5.8 Nomination Committee (Cont'd)

The Nomination Committee shall meet at least once a year unless otherwise determined 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 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 2021

- i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- ii) Reviewed the Independence of Independent Directors;
- iii) Assessed and evaluated the effectiveness of the Audit and Risk Management Committee ("ARMC") as a whole and individual performance of the ARCM's;
- vi) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company;
- vii) Reviewed the resignation and appointment of Directors

5.9 Board 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.

5.10 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: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

5.10 Directors' Training (cont'd)

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Programmes and seminars attended by the Directors, collectively or individually, during the financial year ended 31 December 2021 were as follows:-

- Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting
- Seminar Percukaian Kebangsaan
- Complimentary Webinar on ISRS 4400 (Revised) – Agreed-Upon Procedures Engagements and Proposed Malaysian Investment Reporting Standard (MIRS) 2030 on Reporting Accountants' Report on the Statement of Capitalisation and Indebtedness included in an Investment Circular

6.1 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 annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming 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 annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

During the financial year ended 31 December 2021 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 28th 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 28th AGM for shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PRINCIPLE A: PART 3 -REMUNERATION

7.1 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 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.

7.2 Remuneration Committee

In line with the best practices of the MCCG, the Board has set up a Remuneration Committee which comprise exclusively 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	: Lee Kok Toong @ Lee Ming Heng (Independent Non-Executive Director) (Appointed on 15 April 2021)
Member	: Chui Vui Leong @ Chiew Vui Leong (Independent Non-Executive Director) (Appointed on 24 November 2021)

The past member of Remuneration Committee is Datuk Mohamed Arsad Bin Sehan who had ceased on 31 October 2021.

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 which can be viewed at the Company's website at www.bertamalliance.com.

8.1 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 remained competitive compared with the prevalent market practices. Each of the Non-Executive Directors will abstain from deliberation and voting on his own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PRINCIPLE A: PART 3 - REMUNERATION

8.1 Details of the remuneration of Directors

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 2021 is as follows: -

	Non-Independent Executive Directors RM'000	Independent Non-Executive Directors RM'000	Non-Independent Director Independent Non-Executive Directors RM'000
Fees	72	83.5	36.0
Salaries and Other Emoluments	347.2	11.5	3.5
Total	419.2	95	39.5

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

8.2 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.

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 34 to 40 of this Annual Report 2021.

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

The Company complied with the Practice 9.1 of the MCCG which stipulates that the Chairman of the ARMC is not the Chairman of the Board.

As of the date of this Statement, Mr Lee Kok Toong @ Lee Ming Heng, the Chairman of ARMC is an Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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

9.2 Former audit partner

Practice 9.2 of the MCCG requires the ARMC to have a policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three years before being appointed as member of the ARMC .

The Company currently in the midst of reviewing its Terms of Reference to reflect the latest requirements in Practice 9.2 of the MCCG.

9.3 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 assessing or determining the suitability and independence of the External Auditors, the ARMC has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditors' 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 respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the 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 2021.

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 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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

9.4 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 and during the year under review, some members of the ARMC had attended training on the developments in accounting and auditing standards, practices and rules. All ARMC members will attend at least one training in the financial year which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

9.5 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 Lee Kok Toong @ Lee Ming Heng (Chairman), who was appointed on 15 April 2021, Koo Jenn Man and Chui Vui Leong @ Chiew Vui Leong. Chui Vui Leong was appointed on 26 January 2022. This composition complied with the MMLR.

The past member of Audit Committee is Datuk Mohamed Arsad Bin Sehan who had resigned on 31 October 2021.

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

10.1 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 ARMC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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

10.2 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 19 to 21 of this Annual Report.

11.1 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 ARMC 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 ARMC 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 ARMC Report disclosed in this Annual Report.

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

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER

12.1 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.

12.2 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PRINCIPLE C: PART 2 – CONDUCT OF GENERAL MEETINGS

13.1 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 Company will be served at least 28 days' prior notice to its shareholders for its forthcoming 28th Annual General Meeting which will be held on 30 June 2022. The service of the notice is within the requirement stipulated by the Companies Act 2016 and MMLR. The notice included details and explanations of the resolutions to be tabled. Details of resolutions proposed along with any background information and reports or recommendations that are relevant were also provided in the notice for Annual General Meeting.

13.2 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.

13.3 Poll Voting and Remote Participation

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.

13.4 Engagement with Shareholders

The AGM is the primary open platform for shareholders to raise questions on the Group's performance. As active participation from the shareholders is greatly encouraged, the Board strives to answer as many questions as possible with concise answers during the AGM.

The 27th AGM was conducted virtually. Shareholders were allowed to submit their questions electronically through the online platform provided or used the query box to transmit questions to the Board of Directors during the live streaming of the 27th AGM.

Shareholders were also given opportunities to pose any questions pertaining to the financial and non-financial matters as well as long term strategies of Bertam Group via an online platform provided during the AGM.

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 2021. 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 21 April 2022.

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 ("ARMC") 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 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	Directorship
Lee Kok Toong @ Lee Ming Heng (Appointed on 15 April 2021)	Chairman	Independent Non-Executive Director
Chui Vui Leong @ Chiew Vui Leong (Appointed on 26 January 2022)	Member	Independent Non-Executive Director
Koo Jenn Man	Member	Non-Independent Non-Executive Director

Datuk Mohamed Arsad Bin Sehan had resigned as Member of the ARCM on 31 October 2021.

The ARMC Chairman, Lee Kok Toong @ Lee Ming Heng, 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 2021

The ARMC held a total of four (4) meetings. Details of attendance of the ARMC are as follows:

Name of Committee Member	Attendance
Datuk Mohamed Arsad Bin Sehan (Resigned on 31 October 2021)	4/4
Koo Jenn Man	4/4
Lee Kok Toong @ Lee Ming Heng (Appointed on 15 April 2021)	3/3
Chui Vui Leong @ Chiew Vui Leong (Appointed on 26 January 2022)	Not Applicable

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2021

The key activities undertaken by the ARMC during the financial year ended 31 December 2021 were summarised as follows:

- a) 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 Malaysia Securities Berhad ("Bursa Securities");
- b) 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 2021;
- c) 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;
- d) 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;
- e) evaluated the performance of the external auditors for the financial year ended 31 December 2021 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;
- f) reviewed and assessed the adequacy of the scope and functions of the internal audit and appointment of internal auditor;
- g) reviewed the internal audit engagement and plan presented by the internal auditor;
- h) engaged the internal auditor to review the effectiveness of the Group's system of risk management and internal control;
- i) reviewed the proposed fees for the external 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 Main Market Listing Requirements of Bursa Securities, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- m) reported to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The internal audit is led by Mr Ryan Chong Chee Seng who has more than 20 years' experience in internal audit and reports directly to the Audit Committee to ensure impartiality and independence. He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Certified Internal Auditor and a Chartered Member of the Institute of Internal Auditors Malaysia. The firm carried out its functions according to the International Professional Practices Framework issued by the Institute of Internal Auditors Inc.

During the financial year ended 31 December, 2021, there was no active activity in the company during the period and the company was also engaged with developing the regularization plan. Hence there was a delay in commencement of internal audit works in view of Covid-19 pandemic. Nevertheless, the Audit Committee is cognizant of the need for assessment on the adequacy and effectiveness of the Group's risk management and internal control system. As such, the internal auditor have been appointed on 1 November 2021 to undertake a review on the following scope:

- * Revenue
- * Project Management
- * Finance
- * Human Resource
- * Risk Management
- * Corporate Governance

The internal audit fee approved for undertaking the above review is RM16,000.00.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

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

In the preparation of the financial statements for the financial year ended 31 December 2021, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE EXERCISE

The Company completed the Private Placement comprising 41,350,000 Placement Shares were listed and quoted on Main Market of Bursa Malaysia Securities Berhad on 26 April 2021. The total proceeds raised from the said Private Placement was approximately RM3,841,415.00.

The status of utilisation of proceeds is as follows:

No	Purpose	Proposed Usage (RM'000)	Actual Utilisation (RM'000)	Balance unutilised (RM'000)	Intended time frame for utilisation
1.	Funding for existing contracts/projects	2,000	2,000	0	Within 12 months
2.	Working capital to fund the day to day operations and expenses of the Group	1,691	1,691	0	Within 12 months
3.	Expenses for Private Placement	150	150	0	Within 3 months
	Total	3,841	3,841	0	

2. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE OR MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries which involved Directors', Chief Executive or Major Shareholders' interest subsisting as at the end of the financial year ended 31 December 2021 other than those disclosed under notes to financial statements.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

On 28 June 2021, the Company obtained approval from the shareholders of the Company to enter into RRPT of a revenue or trading nature with persons who are consideration to be a "Related Party" as defined in Chapter 10 of the Listing Requirements. There were no transactions entered into between the Bertam Group and the Related Parties during the financial year.

4. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	83,000	196,000
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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 17 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year attributable to:		
Owners of the Company	(4,486,695)	(4,566,383)
Non-controlling interests	(339,716)	-
	<u>(4,826,411)</u>	<u>(4,566,383)</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 2021.

Directors

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

Koo Jenn Man
 Lee Kok Toong @ Lee Ming Heng
 Lim Nyuk Foh
 Chui Vui Leong @ Chiew Vui Leong (Appointed on 1 November 2021)
 Liew Chee Keong (Appointed on 1 November 2021)
 Chiew Boon Chin (Resigned on 31 October 2021)
 Datuk Mohamed Arsad Bin Sehan (Resigned on 31 October 2021)

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, who are not also Directors of the Company, are as follows:

Chong Yew Hon
 Gan Aik Hin
 Liew Chee Keong (Appointed on 31 October 2021)
 Quek Lip Ail (Resigned on 14 June 2021)
 Victor Hiew Yung Vui (Resigned on 15 April 2021)

DIRECTORS' REPORT

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 31.12.2021
	At 1.1.2021	Bought	Sold	
Lim Nyuk Foh	37,700,000	-	-	37,700,000
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 during the financial year.

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 26 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.

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year amounted to RM553,767 and RM553,767 respectively.

Indemnity and insurance for Directors, officers and auditors

There was no indemnity given to or liability insurance effected for any director, officer or auditor of the Company during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 17 to the financial statements.

Issues of shares and debentures

During the financial year, the Company issued a private placement of 41,350,000 new ordinary shares at the issue price of RM0.0929 per share. As part of the exercise, the number of ordinary shares in the Company increased from 206,756,497 ordinary shares to 248,106,497 ordinary shares and the value of the share capital increased from RM206,756,497 to RM210,597,912.

There was no issue of debentures during the 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
- (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.

DIRECTORS' REPORT

Other statutory information (continued)

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 2021 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 other than as disclosed in Note 7 and Note 31.

Significant events

The details of significant events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, PKF PLT (202206000012 (LLP0030836-LCA) & AF0911), have indicated their willingness to continue in office.

PKF PLT (202206000012 (LLP0030836-LCA) & AF0911) have been converted from a conventional partnership, PKF (AF0911), to a limited liability partnership on 28 February 2022.

The auditors' remuneration of the Group and of the Company amounted to RM201,000 and RM88,000 for the financial year ended 31 December 2021.

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

LIM NYUK FOH
Director

LIEW CHEE KEONG
Director

Kota Kinabalu

Dated 28 April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BERTAM ALLIANCE BERHAD, which comprise the statements of financial position as at 31 December 2021 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 53 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of RM4,826,411 and negative operating cash flows of RM3,183,818 during the financial year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by RM32,245,229. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Key Audit Matters (continued)

Group	How our audit addressed the key audit matter
Area of focus	

Reliance on management's experts

As disclosed in Note 16, the Group engaged independent valuers for the purpose of estimating the net realisable values of the Group's land held for property development.

The independent valuers use industry/market accepted valuation methodology and approaches to determine the fair value of the underlying assets. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.

We have obtained the valuation reports prepared by the independent valuers engaged by the Group.

We have reviewed these reports for appropriateness of the methodology used and the reasonableness of the methods, assumptions and adjustment factors, and challenged the valuer as deemed necessary.

We also assessed the competency, capabilities and objectivity of these independent valuers engaged by the Group.

Revenue recognition from construction contracts

As disclosed in Note 5, the Group recorded revenue from construction contracts of RM3,363,058 for the financial year, which contributed 96% of the Group's total revenue.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost.

The revenue recognition on construction contracts is considered a key audit matter as significant judgement and estimation is involved in the following areas:

- determination of stage of completion;
- estimation of total contract cost; and
- profitability of the construction contracts in estimating foreseeable losses

We have agreed the total contract sum to the original signed letter of awards of the contracts;

We tested cost incurred to date to supporting documentation;

We assessed the reasonableness of the estimated total contract cost by:

- checking to supporting documentation such as contracts and quotations with sub-contractors; and
- determining that the basis and assumptions used by management is reasonable for those other cost not directly supported by contracts and quotations.

Company

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- (i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion.
- (v) Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (vi) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vii) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other 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 PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

DIVAHARAN SIVARAMAN KANNAN
03446/08/2023 J
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 28 April 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	5	3,506,095	6,378,478	-	-
Cost of sales		(3,002,218)	(6,308,865)	-	-
Gross profit		<u>503,877</u>	<u>69,613</u>	-	-
Other operating income	6	317,522	513,201	-	496,340
Other operating expenses	7	(2,348,210)	(38,421,656)	(2,797,844)	(3,838,866)
Administrative expenses		(2,561,359)	(2,839,190)	(1,474,747)	(1,458,863)
Finance costs	10	(40,191)	(169,233)	(167)	(54,080)
Loss before taxation	11	<u>(4,128,361)</u>	<u>(40,847,265)</u>	<u>(4,272,758)</u>	<u>(4,855,469)</u>
Income tax expense	12	(698,050)	8,736	(293,625)	-
Loss for the financial year/Total comprehensive loss		<u>(4,826,411)</u>	<u>(40,838,529)</u>	<u>(4,566,383)</u>	<u>(4,855,469)</u>
Loss attributable to:					
Owners of the Company		(4,486,695)	(40,837,241)	(4,566,383)	(4,855,469)
Non-controlling interest		(339,716)	(1,288)	-	-
		<u>(4,826,411)</u>	<u>(40,838,529)</u>	<u>(4,566,383)</u>	<u>(4,855,469)</u>
Loss per share attributable to owners of the Company (sen per share)					
Basic and diluted	13	<u>(1.89)</u>	<u>(19.75)</u>		

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	Note	Group		Company	
		31 December 2021 RM	31 December 2020 RM	31 December 2021 RM	31 December 2020 RM
Non-current assets					
Property, plant and equipment	14	302,188	405,353	153,209	250,025
Investment properties	15	-	-	-	-
Inventories	16	147,927,115	150,174,256	-	-
Investments in subsidiary companies	17	-	-	-	-
Goodwill	18	-	-	-	-
		<u>148,229,303</u>	<u>150,579,609</u>	<u>153,209</u>	<u>250,025</u>
Current assets					
Trade and non-trade receivables	19	2,426,157	1,932,910	178,820	176,167
Tax recoverable		-	1,290,066	-	132,000
Cash and bank balances	20	644,464	91,004	2,769	21,088
		<u>3,070,621</u>	<u>3,313,980</u>	<u>181,589</u>	<u>329,255</u>
TOTAL ASSETS		<u>151,299,924</u>	<u>153,893,589</u>	<u>334,798</u>	<u>579,280</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	210,597,912	206,756,497	210,597,912	206,756,497
Accumulated losses	22	(94,134,813)	(89,648,118)	(283,593,785)	(279,027,402)
		<u>116,463,099</u>	<u>117,108,379</u>	<u>(72,995,873)</u>	<u>(72,270,905)</u>
Non-controlling interests		(492,997)	(153,281)	-	-
TOTAL EQUITY		<u>115,970,102</u>	<u>116,955,098</u>	<u>(72,995,873)</u>	<u>(72,270,905)</u>
Non-current liability					
Loans and borrowings	23	13,972	36,862	-	-
Current liabilities					
Trade and non-trade payables	24	20,373,223	21,862,112	72,375,164	72,850,185
Loans and borrowings	23	885,285	789,129	793,882	-
Taxation	25	14,057,342	14,250,388	161,625	-
		<u>35,315,850</u>	<u>36,901,629</u>	<u>73,330,671</u>	<u>72,850,185</u>
TOTAL LIABILITIES		<u>35,329,822</u>	<u>36,938,491</u>	<u>73,330,671</u>	<u>72,850,185</u>
TOTAL EQUITY AND LIABILITIES		<u>151,299,924</u>	<u>153,893,589</u>	<u>334,798</u>	<u>579,280</u>

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	← Attributable to the owners of the Company →		Non-controlling interests RM	Total equity RM
		Non-distributable Share capital RM	Accumulated losses RM		
At 1 January 2020		206,756,497	(48,810,877)	(151,993)	157,793,627
Total comprehensive loss for the financial year		-	(40,837,241)	(1,288)	(40,838,529)
At 31 December 2020		206,756,497	(89,648,118)	(153,281)	116,955,098
<u>Transaction with equity holders</u>					
Issuance of shares		3,841,415	-	-	3,841,415
<u>Non-owner changes in equity</u>					
Total comprehensive loss for the financial year		-	(4,486,695)	(339,716)	(4,826,411)
At 31 December 2021		210,597,912	(94,134,813)	(492,997)	115,970,102

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	← Attributable to the owners of the Company →		Total equity RM
		Non-distributable Share capital RM	Accumulated losses RM	
At 1 January 2020		206,756,497	(274,171,933)	(67,415,436)
Total comprehensive loss for the financial year		-	(4,855,469)	(4,855,469)
At 31 December 2020		206,756,497	(279,027,402)	(72,270,905)
<u>Transaction with equity holders</u>				
Issuance of shares		3,841,415	-	3,841,415
<u>Non-owner changes in equity</u>				
Total comprehensive loss for the financial year		-	(4,566,383)	(4,566,383)
At 31 December 2021		210,597,912	(283,593,785)	(72,995,873)

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Loss before taxation		(4,128,361)	(40,847,265)	(4,272,758)	(4,855,469)
Adjustments for:					
Depreciation of property, plant and equipment		166,457	252,368	96,816	135,291
Depreciation of investment properties		-	24,917	-	24,917
Gain on disposal of property, plant and equipment		(27,999)	(171,637)	-	(157,526)
Gain on disposal of investment properties		-	(271,806)	-	(271,806)
Impairment loss on land held for property development		2,348,210	35,590,467	-	-
(Reversal)/impairment loss on trade and other receivables		(281,973)	2,741,655	2,797,844	3,838,866
Impairment loss on goodwill		-	89,534	-	-
Interest expenses		40,191	169,233	167	54,080
Operating loss before working capital changes		(1,883,475)	(2,422,534)	(1,377,931)	(1,231,647)
Change in inventories		-	551,640	-	-
Change in receivables		(211,274)	(2,651,393)	32,190	330,011
Change in payables		(1,447,848)	3,864,492	(422,635)	200,629
Cash used in operations		(3,542,597)	(657,795)	(1,768,376)	(701,007)
Income tax refunded		398,970	9,000	-	-
Interest paid		(40,191)	(169,233)	(167)	(54,080)
Net cash used in operating activities		(3,183,818)	(818,028)	(1,768,543)	(755,087)

(forward)

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	14	(63,293)	(25,706)	-	-
Change in amount due from subsidiary companies		-	-	(2,832,687)	(3,554,751)
Cost incurred on land held for property development		(142,110)	(13,566)	-	-
Proceeds from disposal of investment properties		-	5,514,279	-	5,514,279
Proceeds from disposal of property, plant and equipment		28,000	3,205,072	-	3,190,372
Net cash (used in)/from investing activities		(177,403)	8,680,079	(2,832,687)	5,149,900
Cash flows from financing activities					
Change in amount due to subsidiary companies		-	-	(52,386)	282,556
Proceeds from increase of share capital		3,841,415	-	3,841,415	-
Repayment of hire purchase		(112,628)	(34,480)	-	-
Repayment of term loans		(607,988)	(8,185,608)	-	(5,016,300)
Net cash from/(used in) financing activities		3,120,799	(8,220,088)	3,789,029	(4,733,744)
Net decrease in cash and cash equivalents		(240,422)	(358,037)	(812,201)	(338,931)
Cash and cash equivalents at beginning of financial year		91,004	449,041	21,088	360,019
Cash and cash equivalents at end of financial year	20	(149,418)	91,004	(791,113)	21,088

(forward)

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Reconciliation of liabilities arising from financing activities:

Group	1 January RM	Cash flows RM	31 December RM
2021			
Term loans	607,988	(607,988)	-
Hire purchase	218,003	(112,628)	105,375
	<u>825,991</u>	<u>(720,616)</u>	<u>105,375</u>
2020			
Term loans	8,793,596	(8,185,608)	607,988
Hire purchase	252,483	(34,480)	218,003
	<u>9,046,079</u>	<u>(8,220,088)</u>	<u>825,991</u>
Company			
2021			
Amount due to subsidiary company	71,320,997	(52,386)	71,268,611
	<u>71,320,997</u>	<u>(52,386)</u>	<u>71,268,611</u>
2020			
Term loans	5,016,300	(5,016,300)	-
Amount due to subsidiary company	71,038,441	282,556	71,320,997
	<u>76,054,741</u>	<u>(4,733,744)</u>	<u>71,320,997</u>

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

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

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 17 to the financial statements.

The registered office and principal place of business of the Company are located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor and Lot 10, 8th Floor, Wisma Damai Point, Luyang, 88300, Kota Kinabalu, Sabah respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 28 April 2022.

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.

The financial statements are also prepared on the going concern basis. However, during the financial year ended 31 December 2021, the Group incurred a net loss of RM4,826,411 and negative operating cash flows of RM3,183,818, and as at that date, the Group's current liabilities exceeded its current assets by RM32,245,229.

The Group's current liabilities include material obligations relating to amounts payable to the Royal Malaysian Customs Department of RM3,414,340, Inland Revenue Board of RM17,665,014 and Lembaga Perumahan dan Hartanah Selangor of RM4,537,594. Certain of these authorities have already initiated legal actions to recover these amounts, as further disclosed in Note 24, and for which as at the date of approval of these financial statements, the Group does not have the ability to settle these amounts.

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") as disclosed in Note 31(i).

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****2. Basis of preparation (continued)**

These events and conditions cast significant doubt on the Group's ability to continue as a going concern. Management's plans to deal with these events and conditions to ensure the ability of the Group to continue as a going concern and meet its obligations are as follows:

- The sale of three of the Group's land held for property development with a combined carrying value which is measured at fair value less costs to sell of RM101,508,565. The Group has already appointed an estate agent to market and secure a buyer for these properties, but as at the date of approval of these financial statements, no potential buyers has yet been identified notwithstanding these properties have been in the market since the previous year. Therefore, there are uncertainties as to the amount for which the land held for property development can ultimately be sold for and whether buyers can be secured and the sale finalised before any of the Group's creditors decide to initiate winding up proceedings against the Company and/or its subsidiaries, especially in light of the outbreak of coronavirus disease 2019 (COVID-19) and the movement control order imposed by the Government as disclosed in Note 31(ii), for which the property market has yet to recover from.
- The approval of the regularisation plan by the authorities which has been submitted to Bursa Securities on 30 March 2022 and the successful implementation of the regularisation plan upon approval. The regularisation plan involves a proposed share issuance and rights issue of shares with warrants that would result in a cash injection of RM15.5 million under the minimum scenario based on the irrevocable and unconditional written undertaking obtained from certain individuals. As at the date of approval of these financial statements, the approval from Bursa Securities has not yet been obtained and there is no indication as to whether Bursa Securities will approve or reject this regularisation plan.

The factors above indicate clearly that there are material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency and also the functional currency of all entities in the Group.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

2. Basis of preparation (continued)

(a) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following new standards and/or amendments to standards issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

- Interest Rate Benchmark Reform - Phase 2: Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16; and
- COVID-19-Related Rent Concessions: Amendment to MFRS 16.

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

As disclosed in the audited financial statements of the Group and the Company for the financial year ended 31 December 2020, the Group and the Company had early adopted the IFRIC Agenda Decisions (March 2019) which clarified that receivable, contract assets and inventory are not qualifying assets and therefore borrowing cost cannot be capitalised. The retrospective adjustments following the adoption of this change in accounting policy was affected in the previous financial year.

(b) Standards issued but not yet effective

Certain new accounting standards and interpretation have been issued but not yet effective for 31 December 2021 reporting periods and have not been early adopted by the Group and the Company, as follows:

Effective financial periods beginning 1 April 2021

- Covid-19-Related Rent Concessions beyond 30 June 2021: Amendment to MFRS 16 Leases

Effective financial periods beginning 1 January 2022

- Annual Improvements to MFRS Standards 2018–2020: Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Subsidiary as a First-time Adopter), MFRS 9 Financial Instruments (Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities), Illustrative Examples accompanying MFRS 16 Leases (Lease Incentives), and MFRS 141 Agriculture (Taxation in Fair Value Measurements);
- Reference to the Conceptual Framework: Amendments to MFRS 3 Business Combinations;
- Property, Plant and Equipment—Proceeds before Intended Use: Amendments to MFRS 116 Property, Plant and Equipment;
- Onerous Contracts—Cost of Fulfilling a Contract: Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets;

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****2. Basis of preparation (continued)****(c) Standards issued but not yet effective (continued)**Effective financial periods beginning 1 January 2023

- MFRS 17 Insurance Contracts;
- Amendments to MFRS 17 Insurance Contracts and Initial Application of MFRS 17 and MFRS 9 – Comparative Information: Amendment to MFRS 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current: Amendments to MFRS 101
- Disclosures of Accounting Policies: Amendment to MFRS 101;
- Definition of accounting estimates: Amendments to MFRS 108;
- Deferred tax related to assets and liabilities arising from a single transaction: Amendments to MFRS 112.

These amendments and standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

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.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

3. Significant accounting judgements and estimates (continued)

(ii) 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 (m)(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 recoverable amounts which is based on the net tangible assets of the subsidiaries.

(iii) 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.

(iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The Group had determined the recoverable amounts of the land held for property development for the purpose of determining its net realisable values, based on external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

(v) Measurement of revenue and expenses in construction contracts

The Group applies the percentage of completion method to account for all of its construction contracts with customers. This method requires reliable estimation of future outcomes that invariably must rely on estimates of stage completion, future revenues, future costs, and collectability of progress billings. Internal budgets and forecasts are used in these estimates. The actual outcome will only be known when a contract project is completed and this actual outcome may not coincide with the estimates made.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(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.

(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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Revenue from property development (continued)

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.

(ii) Revenue from construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Company's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(iii) 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.

(iv) Revenue from services

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

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(b) Revenue recognition (continued)****(v) Principal vs agent considerations**

The amount of revenue recognised depends on whether the Group acts as an agent or as a principal. The Group acts as principal when the Group controls the specified goods or services prior to transfer. When the Group acts as a principal, the revenue recorded is the gross amount billed. Certain other arrangements with the customers of the Group are such that the responsibility of the Group is to arrange for a third party to provide a specified good or service to the customer. In these cases, the Group is acting as an agent and does not control the relevant good or service before it is transferred to the customer. When the Group is acting as an agent, the revenue is recorded at the net amount retained.

(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 and the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

4. Significant accounting policies (continued)

(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.

(f) Property, plant and equipment

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.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(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:

Buildings	2%
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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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(i) Inventories (continued)****(i) Land held for property development (continued)**

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.

(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.

(j) Contract asset and contract liability

Contract asset is the right to consideration for goods or services transferred to the customers. In the context of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date.

Contract liability is the obligation to transfer goods or services to the customer for which the Company has received the consideration or billed the customer. In the context of construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned.

When the total of costs incurred on construction contracts plus recognised profits exceeds progress billings, the balance is classified as contract assets within trade receivables. When progress billings exceed costs incurred on construction contracts plus recognised profits, the balance is classified as contract liabilities within trade payables. Contract asset and contract liability are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(k) 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.

(l) 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

4. Significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Financial assets (continued)

For purposes of subsequent measurement, financial assets are classified in four (4) 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

The Group and the Company only has financial assets at amortised cost.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(l) Financial instruments (continued)****(ii) Financial liabilities (continued)****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.

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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(m) Impairment (continued)

(i) Impairment of financial assets (continued)

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.

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")).

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(m) Impairment (continued)****(ii) Impairment of non-financial assets (continued)**

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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(o) Leases

(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
- 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.

The Group and the Company have elected to use the recognition exemption that permits entities not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(o) Leases (continued)****(iii) 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.

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

The Group and the Company does not act as a lessor.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(o) Leases (continued)

(iv) 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. 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 re-measurements 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 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.

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 does not act as a lessor.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****4. Significant accounting policies (continued)****(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.

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 ("CODM"), 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

4. Significant accounting policies (continued)

(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.

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
- (iii) 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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

5. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers				
Contract revenue				
- Third party	676,731	5,446,047	-	-
- Related party	<u>2,686,327</u>	-	-	-
	<u>3,363,058</u>	<u>5,446,047</u>	-	-
Sales of building materials				
- Third party	143,037	265,431	-	-
Sales of completed units				
- Third party	-	667,000	-	-
	<u>3,506,095</u>	<u>6,378,478</u>	-	-
Timing of revenue from contract with customers				
Point in time	143,037	932,431	-	-
Over time	<u>3,363,058</u>	<u>5,446,047</u>	-	-
	<u>3,506,095</u>	<u>6,378,478</u>	-	-

The Group revenues relating to sales of building materials relates to arrangements where the Group's responsibility is to arrange for third parties to provide specific goods or services to the customer, for which the Group does not control the relevant goods or service to the customer. Therefore, the revenue recognised is recorded at the net amount retained.

For contract revenue, the aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021 amounted to RM40,226,271 (2020:RM676,731) and the Group will recognise this revenue overtime as the construction projects are completed, which is expected to occur over the next two years (2020: one year).

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

6. Other operating income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gain on disposal of investment properties, net of real property gain tax	-	271,806	-	271,806
Gain on disposal of property, plant and equipment, net of real property gain tax	27,999	171,637	-	157,526
Reversal of impairment loss on receivables (Note 19)	281,973	-	-	-
Rental income	6,000	66,328	-	66,328
Miscellaneous income	1,550	3,430	-	680
	<u>317,522</u>	<u>513,201</u>	<u>-</u>	<u>496,340</u>

7. Other operating expenses

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment loss on goodwill (Note 18)	-	89,534	-	-
Impairment loss on land held for property development (Note 16)	2,348,210	35,590,467	-	-
Impairment on receivables (Note 19)	-	2,741,655	2,797,844	3,838,866
	<u>2,348,210</u>	<u>38,421,656</u>	<u>2,797,844</u>	<u>3,838,866</u>

8. Employee benefits expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and allowances	889,101	938,453	618,632	703,564
Contributions to defined contribution plan	74,063	81,224	45,096	56,046
Contributions to employment insurance scheme	467	461	61	109
Social security contributions	5,609	5,574	1,129	1,543
	<u>969,240</u>	<u>1,025,712</u>	<u>664,918</u>	<u>761,262</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

8. Employee benefits expense (continued)

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 RM553,767 (2020: RM622,640) and RM553,767 (2020: RM622,640) respectively as further disclosed in Note 9 to the financial statements.

9. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors' remuneration (Note 8)				
- Fee	72,000	72,000	72,000	72,000
- Salaries and other emoluments	310,000	372,000	310,000	372,000
- Contributions to defined contribution plan	37,200	44,640	37,200	44,640
	<u>419,200</u>	<u>488,640</u>	<u>419,200</u>	<u>488,640</u>
Non-executive Directors' remuneration				
- Fee	-	132,000	-	132,000
- Other emoluments	134,567	2,000	134,567	2,000
	<u>134,567</u>	<u>134,000</u>	<u>134,567</u>	<u>134,000</u>
Total Directors' remuneration	<u><u>553,767</u></u>	<u><u>622,640</u></u>	<u><u>553,767</u></u>	<u><u>622,640</u></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	
	2021	2020
Executive Directors:		
Below RM200,000	2	1
RM200,001 – RM300,000	1	1
Non-executive Directors:		
Below RM50,000	4	2
RM50,000 – RM100,000	1	1

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

10. Finance costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses:				
- Hire purchase	5,354	4,462	-	-
- Term loans	34,670	164,771	-	54,080
- Bank overdraft	167	-	167	-
	<u>40,191</u>	<u>169,233</u>	<u>167</u>	<u>54,080</u>

11. Loss before taxation

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other than those disclosed in Note 6 to 10, loss before taxation have been arrived at after charging:				
Auditors' remuneration				
- statutory audit	196,000	196,000	83,000	83,000
- other services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 14)	166,457	252,368	96,816	135,291
Depreciation of investment properties (Note 15)	-	24,917	-	24,917
Rental of premises*	72,600	105,358	42,600	38,000
Rental of office equipment*	3,212	3,504	-	-
	<u>416,279</u>	<u>617,947</u>	<u>167,416</u>	<u>233,205</u>

* Expenses relating to short-term lease and low value assets accounted for by applying the recognition exception of MFRS 16 Leases and other leases that are not material to the financial statements.

12. Income tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current taxation (Note 25)	-	264	-	-
	-	264	-	-
Under/(Over) provision in prior years (Note 25)	698,050	(9,000)	293,625	-
	<u>698,050</u>	<u>(8,736)</u>	<u>293,625</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

12. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(4,128,361)	(40,847,265)	(4,272,758)	(4,855,469)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(990,807)	(9,803,344)	(1,025,462)	(1,165,313)
Non-tax deductible expenses	450,267	10,804,254	1,026,519	1,192,688
Non-taxable income	(130,610)	(34,980)	-	(16,082)
Effect of unrecognised deferred tax assets	671,150	(965,666)	(1,057)	(11,293)
	-	264	-	-
Under/(Over) provision in prior years	698,050	(9,000)	293,625	-
	698,050	(8,736)	293,625	-

Subject to the agreement by the Inland Revenue Board, the Group has potential deferred tax calculated under the asset and liability method in respect of the following items:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Capital allowance in excess of depreciation	44,114	39,569	-	(4,404)
Capital allowances	(324,797)	(295,461)	-	-
Unutilised tax losses	(38,785,066)	(36,013,400)	-	-
	(39,065,749)	(36,269,292)	-	(4,404)
Deferred tax assets at 24% (2020: 24%) not recognised in the financial statements	(9,375,780)	(8,704,630)	-	(1,057)

The unabsorbed capital allowances disclosed above is available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised tax losses is available to be carried forward up to the maximum of ten (10) years, 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.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

13. 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.

	2021	Group	2020
	RM		RM
Loss net of tax attributable to owners of the Company	(4,486,695)		(40,837,241)
Weighted average number of ordinary shares in issue	237,323,164		206,756,497
	Sen		Sen
Basic loss per share	(1.89)		(19.75)

(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 2021**

14. 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 2020	3,168,960	613,519	1,537,895	231,096	2,085	5,553,555
Addition	-	19,306	-	6,400	-	25,706
Disposal	(3,168,960)	(2,598)	(106,815)	(231,096)	-	(3,509,469)
At 31 December 2020	-	630,227	1,431,080	6,400	2,085	2,069,792
Addition	-	56,243	-	6,800	250	63,293
Disposal	-	-	(120,000)	-	-	(120,000)
At 31 December 2021	-	686,470	1,311,080	13,200	2,335	2,013,085
Accumulated depreciation						
At 1 January 2020	265,443	458,456	1,076,246	87,354	606	1,888,105
Depreciation charge	10,563	56,685	181,007	3,905	208	252,368
Disposal	(276,006)	(2,596)	(106,226)	(91,206)	-	(476,034)
At 31 December 2020	-	512,545	1,151,027	53	814	1,664,439
Depreciation charge	-	29,114	135,846	1,263	234	166,457
Disposal	-	-	(119,999)	-	-	(119,999)
At 31 December 2021	-	541,659	1,166,874	1,316	1,048	1,710,897
Net book value						
At 31 December 2020	-	117,682	280,053	6,347	1,271	405,353
At 31 December 2021	-	144,811	144,206	11,884	1,287	302,188

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

14. 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 2020	3,168,960	309,337	379,552	231,096	4,088,945
Disposal	(3,168,960)	(2,598)	-	(231,096)	(3,402,654)
At 31 December 2020/31 December 2021	-	306,739	379,552	-	686,291
Accumulated depreciation					
At 1 January 2020	265,443	185,143	132,843	87,354	670,783
Depreciation charge	10,563	44,965	75,911	3,852	135,291
Disposal	(276,006)	(2,596)	-	(91,206)	(369,808)
At 31 December 2020	-	227,512	208,754	-	436,266
Depreciation charge	-	20,905	75,911	-	96,816
At 31 December 2021	-	248,417	284,665	-	533,082
Net book value					
At 31 December 2020	-	79,227	170,798	-	250,025
At 31 December 2021	-	58,322	94,887	-	153,209

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

14. Property, plant and equipment (continued)

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

	Cost RM	Accumulated depreciation RM	Net book value RM
2021			
Motor vehicles	711,543	687,525	24,018
2020			
Motor vehicles	711,543	661,325	50,218

15. Investment properties

Cost	Group/ Company Leasehold Buildings RM
At 1 January 2020	5,877,226
Disposal	(5,877,226)
	-
At 31 December 2020/31 December 2021	-
Accumulated amortisation	
At 1 January 2020	609,836
Charge for the financial year (Note 11)	24,917
Disposal	(634,753)
	-
At 31 December 2020/31 December 2021	-
Net book value	
At 31 December 2020	-
At 31 December 2021	-

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

15. Investment properties (continued)

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

	Group/Company	
	2021 RM	2020 RM
Rental income	-	66,328
Direct expense	-	(195)
	<u>-</u>	<u>66,133</u>

16. Inventories

	Group	
	2021 RM	2020 RM
Non-current		
Land held for property development	<u>147,927,115</u>	<u>150,174,256</u>

The amount of inventories recognised as an expense in cost of sales of the Group was RMNil (2020: RM551,640).

Group	Land RM	Development cost RM	Total RM
Cost			
At 1 January 2020	177,946,011	18,711,148	196,657,159
Addition	-	13,566	13,566
At 31 December 2020	177,946,011	18,724,714	196,670,725
Addition	-	168,529	168,529
Reduction*	-	(67,460)	(67,460)
At 31 December 2021	<u>177,946,011</u>	<u>18,825,783</u>	<u>196,771,794</u>
Accumulated impairment losses			
At 1 January 2020	-	(10,906,002)	(10,906,002)
Charge for the year (Note 7)	(32,980,722)	(2,609,745)	(35,590,467)
At 31 December 2020	(32,980,722)	(13,515,747)	(46,496,469)
Charge for the year (Note 7)	(2,211,600)	(136,610)	(2,348,210)
At 31 December 2021	<u>(35,192,322)</u>	<u>(13,652,357)</u>	<u>(48,844,679)</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

16. Inventories (continued)

Group	Land RM	Development cost RM	Total RM
Carrying value			
At 31 December 2021			
- At cost	76,095,289	5,173,426	81,268,715
- At fair value less costs to sell	66,658,400	-	66,658,400
	142,753,689	5,173,426	147,927,115
Carrying value			
At 31 December 2020			
- At cost	76,095,289	5,208,967	81,304,256
- At fair value less costs to sell	68,870,000	-	68,870,000
	144,965,289	5,208,967	150,174,256

* *The reduction during the year relates cost over taken up in prior year and which has been adjusted in the current year as the error is not material to the financial statements.*

Details of land held for property development are as follows:

Carrying value	2021 RM	2020 RM	Remarks
Luyang land	23,241,200	24,250,000	(i), (v) and (vi)
Telipok land	27,897,200	29,100,000	(ii) and (vi)
Kepayan land Lot A	50,370,165	50,411,206	(iv) and (vi)
Kepayan land Lot B and C	30,898,550	30,893,050	(iii)
Kepayan land Lot G	15,520,000	15,520,000	(i)
	147,927,115	150,174,256	

- (i) The development plan and building plan has been approved by relevant authorities.
- (ii) The development plan has been approved from relevant authorities on 29 March 2021 and the building plan is still pending approval from relevant authorities.
- (iii) The title deeds of the land held for property development of the Company are registered under the name of a third party and controlled by the Company via a power of attorney over these lands, and for which as an additional protection, has been sub-leased to the Company for a period of 30 years expiring in 2046. The development plan and the amalgamation, subdivision and conversion of the land titles from Native Title to Country Lease Title of land is still pending the approval from the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

16. Inventories (continued)

- (iv) The title deeds of the land held for property development of the Group are registered under the name of a third party and held in trust on behalf of the Group, and for which as an additional protection, has been sub-leased to the Company for a period of 30 years expiring in 2046. The amalgamation, subdivision and conversion of the land titles from Native Title to Country Lease Title of the land held for property development was approved by the relevant authorities in August 2019. The development plan is however still pending the approval from relevant authorities.
- (v) Land pledged as securities for term loans facilities granted to the Group as disclosed in Note 23 to the financial statements and for which the Group has defaulted on the repayment terms since October 2019. This loan security has been released by the bank as the outstanding balance of this defaulted term loan of RM607,988 as at 31 December 2021 has been settled in full during the financial year.
- (vi) During the financial year, the Group appointed an estate agent to market and secure buyers for these properties, but as at the date of approval of these financial statements, no potential buyers has yet been identified.

The Group had determined the recoverable amounts of the land held for property development for the purpose of determining its net realisable values, based on external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation is based on the comparison method of valuation which is a Level 3 fair value hierarchy due to the subjectivity of the selection of comparables and the use of adjustment factors, and arising from this, a write down to net realisable value of RM2,348,210 (2020: RM35,590,467) was made.

17. Investments in subsidiary companies

	Company	
	2021 RM	2020 RM
Cost		
Unquoted shares, at cost	111,506,990	111,506,990
Discount on loans to subsidiaries	16,412,737	16,412,737
Written off for the financial year*	(33,777,917)	-
At 31 December	<u>94,141,810</u>	<u>127,919,727</u>
Accumulated impairment losses		
At 1 January	(127,919,727)	(127,919,727)
Written off for the financial year*	33,777,917	-
At 31 December	<u>(94,141,810)</u>	<u>(127,919,727)</u>
Net carrying amount	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

17. Investments in subsidiary companies (continued)

* Being cost of investment and discount on loans to subsidiaries that are unsupported and cannot be agreed to the accounting records already impaired in previous years written off during the current financial year. As this has been fully impaired in previous years, the write off has no impact on the current year statement of profit or loss and other comprehensive income.

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2021 %	2020 %	
Held by the Company				
UH Industries & Development Sdn. Bhd.	Malaysia	100	100	Dormant
UH Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Bertam Development Sdn. Bhd.	Malaysia	100	100	Property development, and general contractors
Budaya Identiti Sdn. Bhd.	Malaysia	100	100	Dormant
Syarikat Sungai Buan Sdn. Bhd.	Malaysia	100	100	Dormant
Dove Industries Sdn. Bhd.	Malaysia	100	100	Dormant
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	Dormant
Dataran Serimaju Sdn. Bhd.	Malaysia	100	100	Dormant
Trans Prestasi Sdn. Bhd.	Malaysia	100	100	Dormant
Gunung Jaya Sdn. Bhd.	Malaysia	100	100	Dormant
Antara Megah Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

17. Investments in subsidiary companies (continued)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2021 %	2020 %	
Held through Bertam Development Sdn. Bhd.				
Legacy Mega Development Sdn. Bhd.	Malaysia	100	100	Dormant
Budi Halus Sdn. Bhd.	Malaysia	100	100	Dormant
Sunrise Teamtrade Sdn. Bhd.	Malaysia	51	51	Dormant
Wow Land Sdn. Bhd.	Malaysia	100	100	Property development
SKB Pinang Sdn. Bhd.	Malaysia	100	100	Dormant
Sumbang Merah Sdn. Bhd.	Malaysia	100	100	Dormant
Sunrise Avenue Sdn. Bhd.	Malaysia	100	100	Property development
Sepakat Heights Sdn. Bhd.	Malaysia	100	100	Property development
Held through Antara Megah Sdn. Bhd.				
Tabur Bakti Sdn. Bhd.	Malaysia	100	100	Dormant
Suria Pertiwi Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Syarikat Sungei Buan Sdn. Bhd.				
MV Properties Sdn. Bhd.	Malaysia	100	100	Dormant

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.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

18. Goodwill on consolidation

	Group	
	2021 RM	2020 RM
Cost		
At 1 January/31 December	92,814	92,814
Written off for the financial year	(92,814)	-
At 31 December	-	92,814
Accumulated impairment losses		
At 1 January	(92,814)	(3,280)
Charge for the financial year (Note 7)	-	(89,534)
Written off for the financial year	92,814	-
At 31 December	-	(92,814)
Net carrying amount	-	-

Goodwill is tested for impairment annually and based on the operating results and financial position of the operations which constitutes the CGUs, the recoverable amount was estimated to be negligible and the goodwill was fully impaired during the previous financial year and written off this year.

19. Trade and non-trade receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	2,077,670	3,450,369	-	-
Less: Allowance for impairment	(1,951,986)	(2,043,959)	-	-
Trade receivables, net	125,684	1,406,410	-	-
Non-trade receivables				
Related party	69,584	73,084	65,584	69,084
Third parties	2,985,697	965,694	44	44
Deposits	28,186	237,701	13,360	13,360
Prepayments	48,716	77,406	-	28,690
	3,132,183	1,353,885	78,988	111,178
Less: Allowance for impairment	(947,554)	(1,137,554)	(15,854)	(15,854)
Non-trade receivables, net	2,184,629	216,331	63,134	95,324
Amount due from subsidiary companies				
Non-trade	-	-	162,940,081	160,107,394
Less: Allowance for impairment	-	-	(162,824,395)	(160,026,551)
Amount due from subsidiary companies, net	-	-	115,686	80,843
Contract asset				
- Construction contract	115,844	310,169	-	-
Total trade and non-trade receivables	2,426,157	1,932,910	178,820	176,167

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

19. Trade and non-trade receivables (continued)

Contract asset/(liabilities)

	Group	
	2021 RM	2020 RM
Cost incurred on uncompleted construction contracts	6,561,213	5,251,732
Add: Estimated attributable profits	525,114	194,316
	<hr/>	<hr/>
	7,086,327	5,446,048
Less: Progress billings	(7,251,328)	(5,135,879)
	<hr/>	<hr/>
Contract (liabilities)/asset, net	(165,001)	310,169
	<hr/> <hr/>	<hr/> <hr/>
Gross amounts before offsetting:		
Contract asset	115,844	310,169
Contract liabilities (Note 24)	(280,845)	-
	<hr/>	<hr/>
	(165,001)	310,169
	<hr/> <hr/>	<hr/> <hr/>

Included in non-trade receivables is RM2,000,000 payment to a legal firm to negotiate a settlement arrangement with Inland Revenue Board (IRB) in relation to the tax payable of RM14,250,124 as disclosed in Note 25 to the financial statements including tax penalty of RM3,414,890, totalling RM17,665,014 as disclosed in Note 24 (ii) to the financial statements.

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 14 to 90 days (2020: 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 2020	124,004	315,854	439,858
Charge for the financial year (Note 7)	1,919,955	821,700	2,741,655
	<hr/>	<hr/>	<hr/>
At 31 December 2020	2,043,959	1,137,554	3,181,513
Reversal for the financial year (Note 6)	(91,973)	(190,000)	(281,973)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	1,951,986	947,554	2,899,540
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

19. Trade and non-trade receivables (continued)

Company	Amounts due		
	Non-trade receivables RM	from subsidiary companies RM	Total RM
At 1 January 2020	15,854	156,187,685	156,203,539
Charge for the financial year (Note 7)	-	3,838,866	3,838,866
At 31 December 2020	15,854	160,026,551	160,042,405
Charge for the financial year (Note 7)	-	2,797,844	2,797,844
At 31 December 2021	15,854	162,824,395	162,840,249

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 27 to the financial statements.

20. Cash and cash equivalents

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash in hand	4,750	4,700	2,500	2,500
Cash at banks	639,714	86,304	269	18,588
Cash and bank balances	644,464	91,004	2,769	21,088
Less: Bank overdraft (Note 23)	(793,882)	-	(793,882)	-
Cash and cash equivalents	(149,418)	91,004	(791,113)	21,088

21. Share capital

Issued and fully paid: Ordinary shares	Group/Company Share capital	
	unit	RM
At 1 January 2020/31 December 2020	206,756,497	206,756,497
Issuance of shares	41,350,000	3,841,415
At 31 December 2021	248,106,497	210,597,912

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

21. Share capital (continued)

During the financial year, the Company issued a private placement of 41,350,000 new ordinary shares at the issue price of RM0.0929 per share.

As part of the exercise, the number of ordinary shares in the Company increased from 206,756,497 ordinary shares to 248,106,497 ordinary shares and the value of the share capital increased from RM206,756,497 to RM210,597,912.

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.

22. 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.

23. Loans and borrowings

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Hire purchase payables	13,972	36,862	-	-
Term loans	-	-	-	-
	<u>13,972</u>	<u>36,862</u>	<u>-</u>	<u>-</u>
Current				
Bank overdraft	793,882	-	793,882	-
Hire purchase payables	91,403	181,141	-	-
Term loans	-	607,988	-	-
	<u>885,285</u>	<u>789,129</u>	<u>793,882</u>	<u>-</u>
Total loans and borrowings				
Bank overdraft	793,882	-	793,882	-
Hire purchase payables	105,375	218,003	-	-
Term loans	-	607,988	-	-
	<u>899,257</u>	<u>825,991</u>	<u>793,882</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

23. Loans and borrowings (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Maturity structure of loans and borrowings				
Within one year	885,285	789,129	793,882	-
Between one to two years	13,972	22,889	-	-
Between two to five years	-	13,973	-	-
	899,257	825,991	793,882	-
	899,257	825,991	793,882	-

The interest rate structures are as follows:

	Nominal interest rate		Effective interest rate	
	2021	2020	2021	2020
Hire purchase payable	2.42%-3.30%	2.42%-3.30%	4.55%-6.18%	4.55%-6.18%
Term loans	Nil%	BLR +0.25%	Nil%	5.72%
Bank overdraft	FDR+0.60%	Nil%	3.02%	Nil%

(a) Bank overdraft

Bank overdraft is secured by way of pledge of related party's (being a person connected to a Director of the Company) fixed deposits equivalent to the amount of overdraft made available or up to RM5,000,000 together with interest accrued thereon vide Memorandum of Charge of Money Deposits.

The overdraft limit is based on the fixed deposit amount pledged with the bank, which as at 31 December 2021 is RM1,000,000 (2020: Nil).

(b) Hire purchase payables

The hire purchase payables obligations are secured by a charge over the leased assets as disclosed in Note 14 to the financial statements.

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

	Group	
	2021 RM	2020 RM
Minimum hire purchase payments:		
Repayable within one year	97,873	191,435
Repayable between one to two years	14,237	24,420
Repayable between two to five years	-	14,237
	112,110	230,092
Less: Future finance charges	(6,735)	(12,089)
Present value of hire purchase liabilities	105,375	218,003
Repayable within one year	91,403	181,141
Repayable between one to two years	13,972	22,889
Repayable between two to five years	-	13,973
	105,375	218,003

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

23. Loans and borrowings (continued)

(a) Hire purchase payables (continued)

Representing:	Group	
	2021 RM	2020 RM
Current	91,403	181,141
Non-current	13,972	36,862
	<u>105,375</u>	<u>218,003</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 the Group's lands held for property development as disclosed in Note 16 to the financial statements;
- (ii) Fixed and floating debenture charge over certain subsidiaries; and
- (iii) Corporate guarantee issued by the Company to the bank.

The maturities of the term loans are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Within one year	-	607,988	-	-
	<u>-</u>	<u>607,988</u>	<u>-</u>	<u>-</u>

The term loan of the Group of RM607,988 as at 31 December 2020 has been in default since October 2019 and the bank had recalled the loan. However, the Group fully settled this term loan during the current financial year.

24. Trade and non-trade payables

Trade payables	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Third parties	4,873,365	6,140,979	-	-
Retention sums	-	1,847	-	-
	<u>4,873,365</u>	<u>6,142,826</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
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24. Trade and non-trade payables (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-trade payables				
Other payables				
- Related party	311,857	-	202,500	-
- Third parties	8,802,650	8,593,997	419,688	341,452
Accruals	1,120,325	1,583,708	484,365	630,236
Deposits received	4,050	4,050	-	-
Provision	4,537,594	4,537,594	-	-
	<u>14,776,476</u>	<u>14,719,349</u>	<u>1,106,553</u>	<u>971,688</u>
Amounts due to Directors	-	557,500	-	557,500
Amount due to non-controlling interest	442,537	442,437	-	-
Amounts due to subsidiary companies	-	-	71,268,611	71,320,997
Contract liabilities				
Construction contract (Note 19)	280,845	-	-	-
	<u>20,373,223</u>	<u>21,862,112</u>	<u>72,375,164</u>	<u>72,850,185</u>

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2020: 30 to 90 days).

Included within the Group and the Company related party other payable is amount due to a person connected to a director of the Group and of the Company of RM202,500 (2020:RMNil).

Included within the Group's third parties other payable are amounts due to an ex-director of the Group of RM652,685 (2020: RM652,685). The ex-director is currently taking legal action to recover this amount as disclosed in Note 30.

Amounts due to Directors and non-controlling interest 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.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021****24. Trade and non-trade payables (continued)**

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

- (i) Amount payable to Royal Malaysian Customs Department (“RMCD”) of RM3,414,340 (2020: RM3,414,340) 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. The Group appealed against this amount in March 2019 on the basis 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, and should the GST be apportioned according to the portion of land used for residential and commercial purposes, the GST payable would only amount to RM237,539. However, no response was received from RMCD up to the date of approval of these financial statements, and considering the significant lapse in time, it is likely that the appeal is unsuccessful. The Group however does not have the ability and funds to settle this liability.
- (ii) An amount payable to Inland Revenue Board (“IRB”) of RM3,414,890 (2020: RM3,414,890) 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, Daerah Hulu Langat, Negeri Selangor in the financial year 2017.

This tax penalty is in addition to outstanding taxation payable of RM14,250,124 (2020: RM RM14,250,124) relating to the same transaction which is reflected in the statement of financial position of the Group, making the total taxation payable including penalty amounting to RM17,665,014 (2020: RM17,665,014), for which IRB had initiated legal action against Group and the case was decided in IRB’s favour by the Courts.

During the financial year, the Group paid RM2,000,000 to a legal firm to negotiate a settlement arrangement with IRB as disclosed in Note 19 to the financial statements. As at the date of approval of these financial statements, no settlement has yet been agreed or made towards the outstanding obligation.

- (iii) An amount payable to Lembaga Perumahan dan Hartanah Selangor (“LPHS”) of RM4,537,594 (2020: RM4,537,594) for the waiver of Bumiputera quota on certain units of a development project completed in 2012. As at 31 December 2021, the strata title of this completed development project has yet to be issued by the authorities as the Group has not paid the strata title survey fee of RM505,750 to Lembaga Juruukur Tanah which is required for the issuance of the strata title, and which is included in accruals as at 31 December 2021. The Bumiputera waiver fee is payable upon issuance of the strata title, which is estimated to be issued within eighteen (18) months on completion of the strata title survey, and as at the date of approval of these financial statements, the strata title survey fee has not yet been paid as the Group does not have the ability and funds to settle this amount.

**NOTES TO THE FINANCIAL STATEMENTS
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25. Taxation

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current taxation, including under provision in prior years (Note 12)	698,050	264	293,625	-
Under recognition of tax (Note 24 (ii))	14,250,124	14,250,124	-	-
	<u>14,948,174</u>	<u>14,250,388</u>	<u>293,625</u>	<u>-</u>
Less: Under provision in prior year charged out from tax recoverable	(404,426)	-	-	-
Less: Tax recoverable	(486,406)	-	(132,000)	-
	<u><u>14,057,342</u></u>	<u><u>14,250,388</u></u>	<u><u>161,625</u></u>	<u><u>-</u></u>

26. 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) Related party's transaction and outstanding balance

The aggregate value of material transactions of the related parties of the Group and of the Company were as follows:

Group	Transaction value	
	2021 RM	2020 RM
Type of transaction/Name of related party		
<u>Entity under common control</u>		
Rental expenses		
Varda Development Sdn Bhd	-	60,358
Contract revenue		
Wijaya Daya Sdn Bhd	2,686,327	-
Contract cost		
Wijaya Daya Sdn Bhd	1,932,191	-
<u>With a Director/Persons connected to a Director of the Company</u>		
Advances received	3,000,000	1,557,500
Repayment of advance	(3,355,000)	(1,000,000)
Advances received from spouse of Director	557,500	-

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

26. Significant related party transactions (continued)

(b) Related party's transaction and outstanding balance (continued)

The aggregate value of material transactions of the related parties of the Group and of the Company were as follows: (continued)

Company Type of transaction/Name of related party	Transaction value	
	2021 RM	2020 RM
<u>With an ex-director of the Company</u>		
Advances received	-	20,000
<u>With a Director/Persons connected to a Director of the Company</u>		
Advances received	557,500	557,500
Repayment of advance	(355,000)	-
<u>With an ex-director of the Company</u>		
Advances received	-	20,000
<u>With subsidiary companies</u>		
Impairment on amounts due from subsidiaries		
Antara Megah Sdn Bhd	8,475	12,647
Bertam Development Sdn Bhd	941,103	3,121,581
Bertam Minetech Sdn Bhd	6,052	96,377
Dataran Serimaju Sdn Bhd	5,846	29,384
Dove Industries Sdn Bhd	5,890	16,055
Gunung Jaya Sdn Bhd	6,925	23,314
Legacy Mega Development Sdn Bhd	5,856	16,874
MV Properties Sdn Bhd	1,679,858	238,811
Sunrise Teamtrade Sdn Bhd	58,057	3,763
SKB Pinang Sdn Bhd	4,716	10,860
Sumbang Merah Sdn Bhd	3,877	10,866
Suria Pertiwi Sdn Bhd	4,584	28,986
Trans Prestasi Sdn Bhd	4,907	17,100
U.H. Trading (Johore) Sdn Bhd	4,682	18,723
U.H. Trading (Melaka) Sdn Bhd	4,712	18,276
UH Capital Sdn Bhd	5,142	18,282
UH Industries & Development Sdn Bhd	5,390	12,154
Wow Land Sdn Bhd	41,772	173,690
	<u>2,797,844</u>	<u>3,867,743</u>
Reversal of impairment		
U.H. Trading (K.L.) Sdn Bhd	-	(28,877)
	<u>2,797,844</u>	<u>3,838,866</u>
Advances received		
Bertam Development Sdn Bhd	139,970	15,200
MV Properties Sdn Bhd	140,737	190,000
U.H. Trading (K.L.) Sdn Bhd	-	410,000
UH Industries & Development Sdn Bhd	-	4,140
Wow Land Sdn Bhd	-	52,500
	<u>280,707</u>	<u>671,840</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

26. Significant related party transactions (continued)

(b) Related party's transaction and outstanding balance (continued)

The aggregate value of material transactions of the related parties of the Group and of the Company were as follows: (continued)

Company Type of transaction/Name of related party	Transaction value	
	2021 RM	2020 RM
<u>With subsidiary companies (continued)</u>		
Payment on behalf		
Antara Megah Sdn Bhd	8,475	3,126
Bertam Development Sdn Bhd	1,186,072	3,085,355
Bertam Minetech Sdn Bhd	6,052	9,869
Budaya Identiti Sdn Bhd	10,015	16,075
Budi Halus Sdn Bhd	11,247	26,134
Dataran Serimaju Sdn Bhd	5,846	6,521
Dove Industries Sdn Bhd	5,890	3,763
Gunung Jaya Sdn Bhd	6,925	9,651
Legacy Mega Development Sdn Bhd	5,856	4,809
MV Properties Sdn Bhd	1,820,595	427,231
Sunrise Avenue Sdn Bhd	16,515	21,194
Sunrise Teamtrade Sdn Bhd	58,057	3,763
Sepakat Heights Sdn Bhd	18,327	29,443
SKB Pinang Sdn Bhd	4,716	2,697
Sumbang Merah Sdn Bhd	3,877	2,698
Suria Pertiwi Sdn Bhd	4,584	6,263
Syarikat Sungei Buan Sdn Bhd	6,519	12,913
Tabur Bakti Sdn Bhd	4,586	7,527
Trans Prestasi Sdn Bhd	4,907	6,489
U.H. Trading (Johore) Sdn Bhd	4,682	9,033
U.H. Trading (Melaka) Sdn Bhd	4,713	8,512
U.H. Trading (K.L.) Sdn Bhd	20,020	22,211
UH Capital Sdn Bhd	5,142	9,672
UH Industries & Development Sdn Bhd	5,390	11,787
Wow Land Sdn Bhd	41,773	61,898
	3,270,781	3,808,634

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	516,567	578,000	516,567	578,000
Contributions to defined contribution plan	37,200	44,640	37,200	44,640
	553,767	622,640	553,767	622,640

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

26. Significant related party transactions (continued)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in the key management personnel are: Directors' remuneration (Note 9)	553,767	622,640	553,767	622,640

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.

27. Financial instruments

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

Group	2021 RM	2020 RM
Financial assets		
Financial assets measured at amortised cost		
Trade and non-trade receivables	2,261,597	1,545,335
Cash and bank balances	644,464	91,004
	<u>2,906,061</u>	<u>1,636,339</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and non-trade payables	15,554,784	17,324,506
Loans and borrowings	899,257	825,991
	<u>16,454,041</u>	<u>18,150,497</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

27. Financial instruments (continued)

(a) Categories of financial instruments (continued)

Company	2021 RM	2020 RM
Financial assets		
Financial assets measured at amortised cost		
Trade and non-trade receivables	178,820	147,477
Cash and bank balances	2,769	21,088
	181,589	168,565
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and non-trade payables	72,375,164	72,850,185
	72,375,164	72,850,185

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade and non-trade receivables				
As reflected in the statements of financial position (Note 19)	2,426,157	1,932,910	178,820	176,167
Less: Contract assets	(115,844)	(310,169)	-	-
Less: Prepayments	(48,716)	(77,406)	-	(28,690)
	2,261,597	1,545,335	178,820	147,477

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade and non-trade payables				
As reflected in the statements of financial position (Note 24)	20,373,223	21,862,112	72,375,164	72,850,185
Less: Provision	(4,537,594)	(4,537,606)	-	-
Less: Contract liabilities	(280,845)	-	-	-
	15,554,784	17,324,506	72,375,164	72,850,185

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

27. Financial instruments (continued)

(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 and liquidity risk. Interest rate risk is not considered a significant risk as the Group does not have significant floating rate debt instruments and the effect of changes in interest rate is not material to the Group.

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

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

(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.

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 statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021

27. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables

At each reporting date, an impairment analysis is performed using a provision matrix to measure expected credit losses.

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 Group 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 Group 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 Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

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

2021	Gross amount RM	Expected credit loss RM	Carrying amount RM
Not past due	114,467	(26,311)	88,156
Past due:			
- Less than 30 days	-	-	-
- Between 31 to 60 days	-	-	-
- Between 61 to 90 days	-	-	-
- Between 91 to 120 days	-	-	-
- More than 120 days	1,963,203	(1,925,675)	37,528
	<u>1,963,203</u>	<u>(1,925,675)</u>	<u>37,528</u>
	<u>2,077,670</u>	<u>(1,951,986)</u>	<u>125,684</u>

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

27. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

2020	Gross amount RM	Expected credit loss RM	Carrying amount RM
Not past due	2,654,185	(1,484,275)	1,169,910
Past due:			
- Less than 30 days	236,500	-	236,500
- Between 31 to 60 days	553,287	(553,287)	-
- Between 61 to 90 days	-	-	-
- Between 91 to 120 days	-	-	-
- More than 120 days	6,397	(6,397)	-
	796,184	(559,684)	236,500
	<u>3,450,369</u>	<u>(2,043,959)</u>	<u>1,406,410</u>

Impairment for trade receivables is measured at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates 2021	2020
Not past due	29%	30%
Past due:		
- Less than 30 days	49%	30%
- Between 31 to 60 days	49%	35%
- Between 61 to 90 days	68%	35%
- Between 91 to 120 days	85%	35%
- More than 120 days	85%	35%

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

27. 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.

(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.

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 RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
2021					
Trade and non-trade payables	15,554,784	15,554,784	15,554,784	-	-
Loans and borrowings	899,257	905,992	891,755	14,237	-
	16,454,041	16,460,776	16,446,539	14,237	-
2020					
Trade and non-trade payables	17,324,506	17,324,506	17,324,506	-	-
Loans and borrowings	825,991	872,857	747,381	125,476	-
	18,150,497	18,197,363	18,071,887	125,476	-

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

27. Financial instruments (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
2021					
Trade and non-trade payables	72,375,164	72,375,164	72,375,164	-	-
	<u>72,375,164</u>	<u>72,375,164</u>	<u>72,375,164</u>	<u>-</u>	<u>-</u>
2020					
Trade and non-trade payables	72,850,185	72,850,185	72,850,185	-	-
	<u>72,850,185</u>	<u>72,850,185</u>	<u>72,850,185</u>	<u>-</u>	<u>-</u>

(c) Fair value information

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

28. Capital management (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	899,257	825,991	-	-
Less: Cash and bank balances	644,464	91,004	2,769	21,088
Net debt	254,793	734,987	2,769	(21,088)
Total equity	<u>115,970,102</u>	<u>116,955,098</u>	<u>(72,995,873)</u>	<u>(72,270,905)</u>
Gearing ratio	<u>0.002</u>	<u>0.006</u>	<u>-</u>	<u>-</u>

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans and borrowings less cash and bank balances.

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

29. 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 and trading segment is in the business of performing general construction works and supply of building materials.
- (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 CODM 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 2021

29. Segment information (continued)

(i) Operating segment (continued)

2021	Property development RM	Construction and trading of building material RM	Corporate and others RM	Per consolidated financial statements RM
Revenue				
External customer				
- Related party	-	2,686,327	-	2,686,327
- Third parties	-	819,768	-	819,768
Total revenue	-	3,506,095	-	3,506,095
Results				
Depreciation and amortisation	(69,641)	-	(96,816)	(166,457)
Impairment loss on land held for property development	(2,348,210)	-	-	(2,348,210)
Reversal of impairment loss on trade and other receivables	281,973	-	-	281,973
Finance costs	(40,024)	-	(167)	(40,191)
Segment loss before tax	(367,808)	(2,390,640)	(1,369,913)	(4,128,361)
Assets and liabilities				
Additions to non-current assets	63,293	-	-	63,293
Segment assets	145,664,741	5,416,070	219,113	151,299,924
Segment liabilities	32,846,807	420,955	2,062,060	35,329,822
2020				
Revenue				
External customer				
- Third parties	667,000	5,711,478	-	6,378,478
Total revenue	667,000	5,711,478	-	6,378,478
Results				
Depreciation and amortisation	(117,077)	-	(160,208)	(277,285)
Impairment loss on land held for property development	(35,590,467)	-	-	(35,590,467)
Impairment loss on trade and other receivable	(195,500)	(2,546,155)	-	(2,741,655)
Finance costs	(115,153)	-	(54,080)	(169,233)
Segment loss before tax	(37,321,693)	(2,508,969)	(1,016,603)	(40,847,265)
Assets and liabilities				
Additions to non-current assets	25,706	-	-	25,706
Segment assets	151,678,573	1,716,579	498,437	153,893,589
Segment liabilities	28,993,535	6,415,768	1,529,188	36,938,491

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2021**

29. Segment information (continued)

(i) Operating segment (continued)

There are no inter-segment transactions and balances and therefore no reconciliation to the amounts reported in the Statement of Profit or Loss and Other Comprehensive Income and Statements of Financial Position is required.

Additions to non-current assets consist of:

	Group	
	2021	2020
	RM	RM
Furniture, fittings, office equipment and signboard	56,243	19,306
Renovation	6,800	6,400
Tools equipment	250	-
	63,293	25,706

(ii) Geographical information

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

(iii) Major customers

Revenue from 1 (2020: 3) major customers amounted to RM2,686,327 (2020: RM5,446,047) accounting for 77% (2020: 85%) of total revenue.

30. Material litigations

In June 2020, Hui Yang China Malaysia Sdn Bhd (HYSB) and LSH Manufacturing Sdn Bhd (LSHSB) has given notice and demanded the Group to settle the debt owed of RM254,325 and RM398,360 respectively, totalling RM652,685. These amounts have been fully provided for and included within trade and other payables of the Group as disclosed in Note 24 (HYSB and LSHSB are companies controlled by the ex-director of the Company), but the Group is disputing these claims on the basis of a counterclaim that these parties had taken possession of two (2) units of motor vehicles for a total sum of RM750,000 and the debt owed are part of the consideration. HYSB and LSHSB are disputing this counterclaim.

The LSHSB suit is proceeding to trial, while for the HYSB suit, summary judgement has been granted in favour of the Claimant, i.e., HYSB and the counterclaim has been struck out. The Group has appealed to the High Court against the said decision and the appeal is pending. There is also an application to consolidate these two cases, i.e., LSHSB and HYSB, to be tried as one.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

31. Significant and subsequent events

(i) Practice Note 17 (“PN17”) Status

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”).

In compliance with paragraph 4.1 of PN17, the Company is required to submit the Regularisation Plan to the relevant authorities for which the Company is required 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 deadline of the submission of the regularisation plan was initially on 3 April 2019 but has been extended several times to 3 April 2022, and on 30 March 2022, the proposed regularisation plan was submitted to Bursa Securities for approval. As at the reporting date, the regularisation plan is pending approval from the regulatory authorities.

(ii) Coronavirus disease 2019

The outbreak of coronavirus disease 2019 (COVID-19) and the movement control order imposed by the Government has caused disruptions to many industries and sectors of the economy.

This may continue to adversely impact the Group’s operations and cash flows, especially relating to impairment and net realisable values of the Group’s inventories as well as its ability to obtain financing and commence development works. However, the extent of this impact cannot be determined at this time.

LIST OF PROPERTIES

No.	Properties & Locations	Description	Area / Built-Up	Tenure	Age of Building	NBV as at 31/12/2021 (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	23,241	18/01/2022
2	CL 045021449, CL 045021458 and CL 045144205, District of Tuaran, Sabah	Vacant development land	32.02 acres	Leasehold	N/A	27,897	04/01/2022
3	CL 215465802, Lot G Land, Off Jalan Pintas, Donggongan Kepayan, District of Penampang, Sabah	Vacant development land	4.223 acres	Leasehold	N/A	15,520	18/01/2022

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL

Total Number of Issued Shares	: 248,106,497
Class of Shares	: Ordinary Shares
Voting Rights	: One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	17	1.517	773	0.000
100 – 1,000	298	26.583	257,724	0.104
1,001 – 10,000	434	38.715	2,226,228	0.897
10,001 – 100,000	271	24.175	10,836,960	4.368
100,001 – Less than 5% of Issued Shares	98	8.742	150,107,012	60.501
5% and above of Issued Shares	3	0.268	84,677,800	34.130
Total	1,121	100.000	248,106,497	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	Lim Nyuk Foh	37,700,000	15.20	-	-
2	Koo Jenn Man	393,500	0.16	-	-
3	Lee Kok Toong @ Lee Ming Heng	-	-	-	-
4	Liew Chee Keong	-	-	-	-
5	Chui Vui Leong @ Chiew Vui Leong	-	-	-	-

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	15.20	-	-
2	Liu, Shenghui	28,920,000	11.66	-	-
3	Phillip Securities (Hong Kong) Ltd (Client's Account)	18,057,800	7.28	-	-

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP 30 LARGEST SHAREHOLDERS (According to the Record of Depository As At 31 March 2022)

No.	Name of Shareholders	No. of Shares	Percentage %
1	SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK FOH	37,700,000	15.195
2	KENANGA NOMINEES (ASING) SDN BHD LIU, SHENGHUI	28,920,000	11.656
3	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	18,057,800	7.278
4	LIM POH CHOO	12,386,400	4.992
5	AKAS PERMAI SDN BHD	12,131,400	4.890
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD CHIN CHEE KAN	12,122,300	4.886
7	LIM NYUK SANG @ FREDDY LIM	10,183,700	4.105
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAR LEONG	7,895,000	3.182
9	SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TUNG FONG HOTEL (SDK) SDN BHD	7,100,000	2.861
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHANG HUAN SOON	6,980,000	2.813
11	BREM PROPERTIES SDN BHD	6,698,183	2.700
12	TEH KIM TECK	6,542,000	2.637
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD CHUA PENG BOON @ CHOY AH MUN	6,357,700	2.562
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA SEONG KHEONG	5,802,200	2.339
15	KENANGA NOMINEES (TEMPATAN) SDN BHD TAN KAR LEONG	4,220,000	1.700
16	TRADEMA HOLDINGS SDN.BHD.	4,181,000	1.685
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CLASSICAL GLORY SDN. BHD.	3,689,000	1.487
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MEE FAH @ FREDERICK CHONG	3,051,900	1.230
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA PENG BOON @ CHOY AH MUN	2,753,100	1.110
20	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (C-PWM ACSDA R)	2,550,000	1.028
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM (MQ 0423)	1,985,000	0.800
22	LIAU THAI MIN	1,715,000	0.691
23	WEI HAN SDN BHD	1,579,000	0.636
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	1,520,800	0.613
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE TSIN FUI @ JAMES LEE	1,407,600	0.567
26	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHAN WEIZHANG RAYNER	1,248,000	0.503
27	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR YAHYA BIN RAZALI	1,199,900	0.484
28	CLASSICAL GLORY SDN BHD	1,189,900	0.480
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	1,123,700	0.453
30	VOO KWEE HIONG	945,800	0.381

BERTAM

BERTAM ALLIANCE BERHAD
(Incorporated in Malaysia)
[Registration No. 199401019851 (305530-A)]

FORM OF PROXY

I/We, _____ [Full Name in Block Letters]

NRIC No. _____ of _____

_____ [Full Address]

_____ [Email Address] being a member(s)

of BERTAM ALLIANCE BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
		100%

or failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Eighth (28th) Annual General Meeting of the Company to be conducted a fully virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities hosted on the VirtualeAGM e-portal at www.vpoll.com.my (Domain Registration No. D1A457149) provided by AI Smartual Learning Sdn. Bhd. in Malaysia on Thursday, 30 June 2022 at 11.30 a.m. or at any adjournment thereof to vote as indicated below:

ORDINARY BUSINESS	RESOLUTIONS	*FOR	*AGAINST
To approve the payment of Directors' fees and other benefits payable of up to RM250,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 1 July 2022 until the conclusion of the next AGM of the Company in year 2023.	Ordinary Resolution 1		
To re-elect Mr Lim Nyuk Foh as Director	Ordinary Resolution 2		
To re-elect Mr Chui Vui Leong @ Chiew Vui Leong as Director	Ordinary Resolution 3		
To re-elect Liew Chee Keong 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 the Existing 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 _____ 2022

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 22 June 2022. 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, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, 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.
- ix. The Meeting will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation Voting (RPV) facilities provided by AI Smartual Learning Sdn. Bhd. in Malaysia via its portal website at www.agm.virtualeagm.com.my. Please refer to the Administrative Guide on the registration and voting process for the Meeting.

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Affix
Stamp

Aldpro Corporate Services Sdn Bhd

The Share Registrar of
BERTAM ALLIANCE BERHAD
[199401019851 (305530-A)]
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor

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BERTAM ALLIANCE BERHAD
Registration No. 199401019851(305530-A)

Lot 50, Ground Floor, Jalan Kilang Kolombong, Sedco Industrial Estate, 88450 Kota Kinabalu, Sabah.
Tel : 6088-382000 Fax : 6088-382000

www.bertamalliance.com