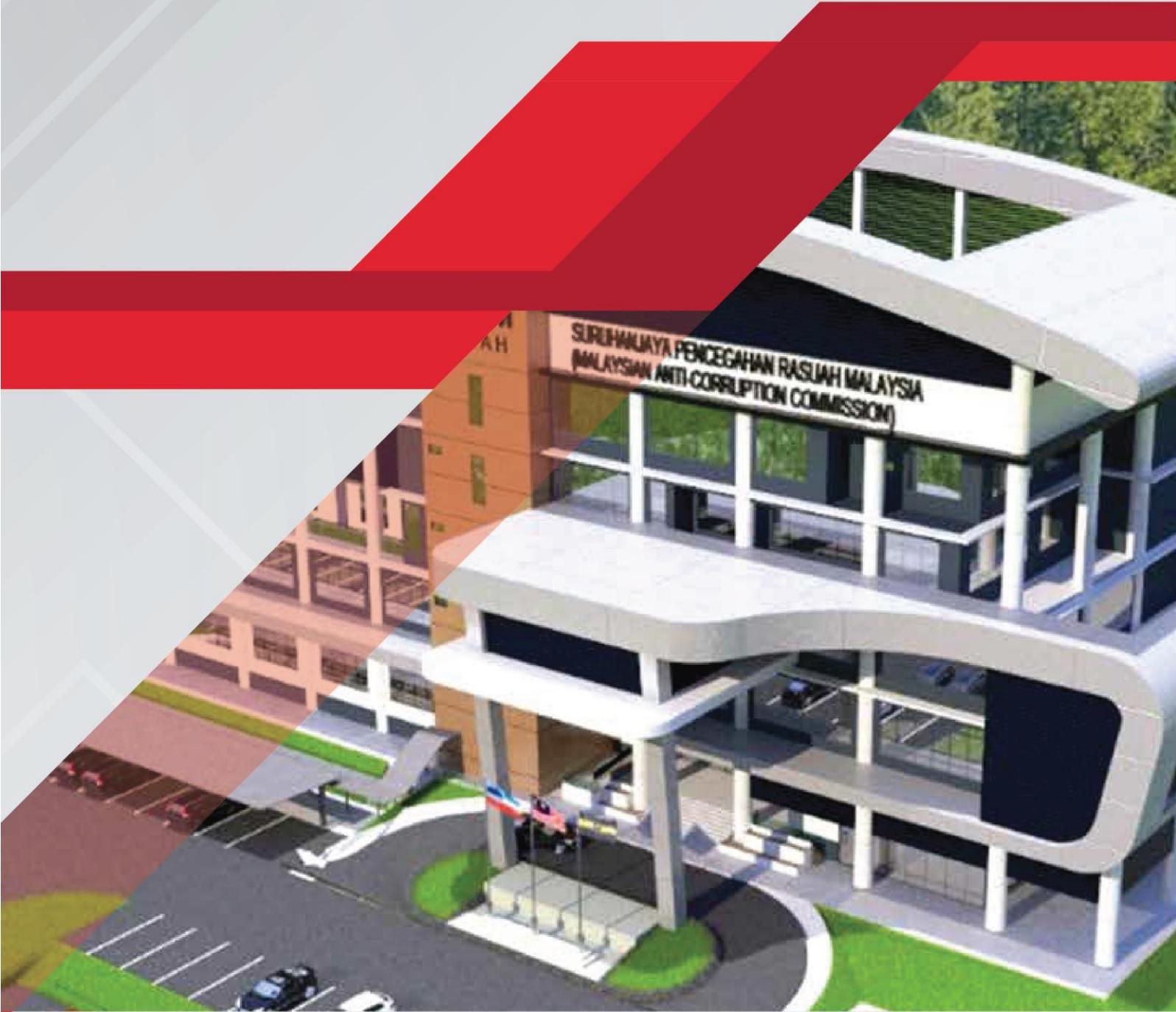


# **BERTAM** ALLIANCE BERHAD

Registration No. 199401019851 (305530-A)



# **ANNUAL REPORT 2022**

# TABLE OF CONTENTS

|            |  |
|------------|--|
| <b>03</b>  | <b>NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING</b>           |
| <b>07</b>  | <b>STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING</b> |
| <b>08</b>  | <b>CORPORATE INFORMATION</b>                                   |
| <b>09</b>  | <b>MANAGEMENT DISCUSSION AND ANALYSIS</b>                      |
| <b>14</b>  | <b>CORPORATE SUSTAINABILITY STATEMENT</b>                      |
| <b>16</b>  | <b>PROFILE OF DIRECTORS</b>                                    |
| <b>18</b>  | <b>KEY SENIOR MANAGEMENT PROFILE</b>                           |
| <b>19</b>  | <b>STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL</b>       |
| <b>22</b>  | <b>CORPORATE GOVERNANCE OVERVIEW STATEMENT</b>                 |
| <b>40</b>  | <b>AUDIT AND RISK MANAGEMENT COMMITTEE REPORT</b>              |
| <b>43</b>  | <b>DIRECTORS' RESPONSIBILITY STATEMENT</b>                     |
| <b>44</b>  | <b>ADDITIONAL COMPLIANCE INFORMATION</b>                       |
| <b>45</b>  | <b>FINANCIAL STATEMENTS</b>                                    |
| <b>118</b> | <b>LIST OF PROPERTIES</b>                                      |
| <b>119</b> | <b>ANALYSIS OF SHAREHOLDINGS</b>                               |
|            | <b>FORM OF PROXY</b>   |

**NOTICE OF TWENTY-NINTH  
ANNUAL GENERAL MEETING****BERTAM ALLIANCE BERHAD****BERTAM ALLIANCE BERHAD**  
[Registration No. 199401019851 (305530-A)]

(Incorporated in Malaysia)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Ninth Annual General Meeting (“29<sup>th</sup> AGM”) of Bertam Alliance Berhad (“Bertam” or the “Company”) will be held at Avangio Hotel Kota Kinabalu, Jalan Metro 2, Off, Jln Lintas, Metro Town, 88300 Kota Kinabalu, Sabah on Wednesday, 21 June 2023 at 9.00 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 2022 together with the Reports of the Directors and Auditors thereon.   | <i>Please refer to<br/>Explanatory Note 1</i> |
| 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 22 June 2023 until the conclusion of the next AGM of the Company in year 2024. | <i>Ordinary Resolution 1</i>                  |
| 3. To re-elect Mr Koo Jenn Man 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.  | <i>Ordinary Resolution 2</i>                  |
| 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.  | <i>Ordinary Resolution 3</i>                  |

**AS SPECIAL BUSINESS:**

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

## NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

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

*Ordinary Resolution 4*

“**THAT** approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 61 of the Company’s Constitution.

**THAT** pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad (“Bursa Securities”) allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

6. 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 (LS0010621/PC No. 201908002254)**

Company Secretaries

Date: 28 April 2023

### **Notes:**

- 1. 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 12 June 2023. 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.*
- 2. 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.*
- 3. 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.*
- 4. 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.*

## NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

5. *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.*
6. *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.*
7. *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, must be deposited at the Company’s Share Registrar office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *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.*

### Explanatory Notes:

#### **1. Audited Financial Statements for the financial year ended 31 December 2022**

This Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provides that the Audited Financial Statements are to be laid in the general meeting and do not require 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 29<sup>th</sup> AGM until the conclusion of the next AGM of the Company in year 2024.

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 Resolution 2– Re-election of Directors**

Mr Koo Jenn Man is standing for re-election as Directors of the Company and being eligible, have offered himself for re-election at the 29<sup>th</sup> AGM.

The Board had endorsed the Nomination Committee’s recommendation to re-elect the Directors standing for re-election at the 29<sup>th</sup> AGM as he possess the required skill set to facilitate and contribute to the Board’s effectiveness.

## NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

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

The proposed Ordinary Resolution 4, if passed, will empower the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares were issued by the Company pursuant to the General Mandate granted to the Directors at the 28<sup>th</sup> AGM held on 30 June 2022 and which will be lapsed at the conclusion of the 29<sup>th</sup> AGM of the Company.

With this General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible shares.

*Section 85(1) of the Companies Act 2016 provides as follows:*

*"85. Pre-emptive rights to new shares*

- 1. Subject to the Constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.*

*Clause 61 of the Company's Constitution provides as follows:*

- "61. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under the Company's Constitution.*

The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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 Director who is standing for re-election.

Further details of Director standing for re-election as Director at the 29<sup>th</sup> AGM are set out in his profile which appear in the Directors' Profiles of this Annual Report and the details of his 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 4 of the Notice of the 29<sup>th</sup> AGM of the Company.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**LIEW CHEE KEONG**  
Executive Director

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

**CHUI VUI LEONG @ CHIEW VUI LEONG**  
Independent Non-Executive Director

**LEE KOK TOONG @ LEE MING HENG**  
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

### REMUNERATION COMMITTEE

**LEE KOK TOONG @ LEE MING HENG**  
Chairman

**CHUI VUI LEONG @ CHIEW VUI LEONG**  
Member

### NOMINATION COMMITTEE

**CHUI VUI LEONG @ CHIEW VUI LEONG**  
Chairman

**LEE KOK TOONG @ LEE MING HENG**  
Member

### COMPANY SECRETARIES

**TAN TONG LANG**  
(MAICSA 7045482/ PC NO. 202208000250)

**THIEN LEE MEE**  
(LS0010621/PC No. 201908002254)

### REGISTERED OFFICE

B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No.1 Medan Syed Putra Utara  
59200 Kuala Lumpur  
W.P. Kuala Lumpur  
Tel No.: 03 – 9770 2200  
Fax No.: 03 – 9770 2239

### SHARE REGISTRAR

ALDPRO CORPORATE SERVICES SDN. BHD.  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No.1 Medan Syed Putra Utara  
59200 Kuala Lumpur, W.P. Kuala Lumpur  
Tel No.: 03 – 9770 2200  
Fax No.: 03 – 9770 2239

### AUDITORS

MESSRS PKF PLT (202206000012 (LLP0030836-LCA) & AF0911)  
Chartered Accountants  
Lot 23-1 & 25-1, 1<sup>st</sup> Floor Lintas Plaza  
88300 Kota Kinabalu, Sabah  
Tel No.: 088-266 723  
Fax No.: 088-267 721

### CORRESPONDENCE ADDRESS

Lot 10, 8th Floor  
Wisma Damai Point, Luyang  
88300 Kota Kinabalu  
Sabah  
Tel. No.: 088 -201832  
Fax. No.: 088 -201832  
Website: [www.bertamalliance.com](http://www.bertamalliance.com)

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
CIMB Bank Berhad  
RHB Bank Berhad  
Alliance Bank Berhad

### SOLICITORS

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

### 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 the provision of construction management services.

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 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 secured a sub-contract by Bestajaya Sdn Bhd for slope repair works for a stretch of road at Jalan Mesej Timpangoh, Penampang, Sabah. The project had commenced since May 2022 with targeted completion on November 2023. Second project awarded this year is a total sub-contract by Pembinaan Kiawayan Sdn Bhd for the Project Maintenance of Water Supply for two (2) years at Penampang Zone. This ongoing maintenance contract has been ongoing since June 2022 and completion date shall be on June 2024. Third project awarded this year is the sea, beach & lagoon cleaning works at Teluk Likas & Tanjung Aru Zone (maintenance type of contract) awarded by Handaljasa Sdn Bhd. The commencement date for this cleaning maintenance works is on August 2022 and shall be complete by July 2027 (Five Years Contract).

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, we secured a sub-contract awarded by Akas Permai Sdn Bhd to BDSB for the construction of a block of hotel in respect of the KK Hotel Project with a contract sum of RM82.00 million.



### Future projects

#### (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 project is expected to commence in the Second Quarter, 2024.

#### (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. The project is expected to commence in the Second Quarter, 2025.

#### (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. The project is expected to commence in the First Quarter, 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

Idaman Residence is envisioned as follows:



We plan to develop the Idaman Residence project, a residential development comprising a total of 228 condominium units. This will be our first foray into the property development market in Sabah. The Idaman Residence project will be situated in a parcel of land measuring 2.75 acres in Kepyayan.

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

The commencement of the development of Idaman Residence project is subject to the Proposed JV being implemented with an appropriate joint venture partner with relevant experience and expertise in property development in Sabah and sufficient financial resources to develop this project.

We expect to commence construction works in the first quarter of 2025.

### **Provision of construction management services**

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

As a provider of construction management 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 specialized 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

Our Group intends to use up to RM10.00 million to fund the construction works to be carried out by our Group for the existing and/or future construction projects undertaken by our Group. As of todate, our Group has 8 ongoing construction and construction related projects as summarised below:

| Details of contracts   | Contract sum<br>(RM'000) | Remarks  |
|--|--------------------------|--|
| Sub-contract awarded by WDSB to BDSB dated 25 October 2021 for the construction of building and infrastructure works in respect of the construction of an office complex of Suruhanjaya Pencegahan Rasuah Malaysia in Sabah (" <b>SPRM Complex Project</b> ")  | 27,919                   | BDSB has commenced the construction works in November 2021 and expects to complete the SPRM Complex Project by January 2025.                         |
| Sub-contract awarded by WDSB to BDSB dated 5 November 2021 for the design, fabrication, delivery and installation of composite stainless-steel tank, repair and enhancement works for the Program Non-Revenue Water Nasional Pendekatan 1 Negeri Sabah in Keningau, Beaufort and Ranau, Sabah (" <b>Sabah Water Project</b> ") | 15,508                   | BDSB has commenced the construction works in November 2021 and expects to complete the Sabah Water Project by December 2023.                         |
| Sub-contract awarded by WDSB to BDSB dated 27 December 2021 for the design and construction of a water dam in respect of the Tawau Water Supply Scheme in Tawau, Sabah (" <b>Tawau Water Dam Project</b> ")  | 4,858                    | BDSB has commenced the construction works in December 2021 and expects to complete the Tawau Water Dam Project by August 2023.                       |
| Sub-contract awarded by Infraharta Sdn Bhd (formerly known as Vertice Construction Sdn Bhd) to BDSB dated 26 April 2022 for the slope repair works at KM0.85 and KM 1.151 at Jalan Mesej Timpangoh, Penampang, Sabah (" <b>Timpangoh Project</b> ")  | 10,465                   | BDSB has commenced the repair works in May 2022 and expects to complete the Timpangoh Project by November 2023.                                      |
| Sub-contract awarded by Pembinaan Kiawayan Sdn Bhd to BDSB dated 23 June 2022 for the maintenance of water supply pipelines for 2 years at Penampang, Sabah (" <b>Penampang Water Pipelines Project</b> ")   | 2,910                    | BDSB has commenced the maintenance works in June 2022 and expects to complete the Penampang Water Pipelines Project by June 2024.                    |
| Sub-contract awarded by Handaljasa Sdn Bhd to DISB dated 25 July 2022 for the beach and lagoon cleaning for 5 years at Tanjung Aru and Tanjung Lipat (" <b>Beach and Lagoon Cleaning Project</b> ")  | 4,900                    | DISB has commenced the cleaning works in August 2022 and expects to complete the Beach and Lagoon Cleaning Project by July 2027.                     |
| Sub-contract offered by WDSB to BDSB through letter of undertaking dated 28 December 2022 for the cleaning of main intake system at Tenom Pangi Hydroelectric Powerstation (" <b>Main Intake System Cleaning Project</b> ")  | 4,454                    | BDSB has commenced the cleaning works in January 2023 and expects to complete the Main Intake System Cleaning Project by March 2023 <sup>(4)</sup> . |
| Sub-contract awarded by Akas Permai Sdn Bhd to BDSB dated 8 February 2023 for the construction of a block of hotel at Kota Kinabalu, Sabah (" <b>KK Hotel Project</b> ")   | 82,000                   | As of todate,, BDSB has not commenced the construction works. The KK Hotel Project is expected to be completed by November 2024.                     |
| <b>Total</b>   | <b>153,014</b>           |  |

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 past 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 capitalize 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 RM21.6 million for the financial year ended 31 December 2022. Year-on-Year, the Group's revenue has increased by RM18.1 million mainly due to increased of revenue from construction contracts.

The Group recorded a profit before tax of RM0.9 million for the financial year ended 31 December 2022 as compared to a loss before tax of RM4.1 million in the previous year's corresponding period. This was mainly due to impairment of property development expenditure in last financial year. The Group recorded a profit after tax of RM15.3 million for the financial year ended 31 December 2022 as compared to a loss after tax of RM4.8 million in the previous year's corresponding period. This was mainly due to the Group successfully appealed a reduction in tax payable during the financial year, resulting in a reversal of provision of tax expenses of RM14 million.

The Group borrowings as at 31 December 2022 consist of RM3.2 million of bank overdraft.

### HUMAN RESOURCES DEVELOPMENT

It is recognized that a sustainable organization requires not only skilled but driven, motivated and loyal employees. Bertam Alliance gives equal emphasis to the professional and personal development of our employees so as to ensure that they would be equipped to continuously contribute towards the growth and development of the organization operating in a fast-changing world of how businesses are done.

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

### 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 Regularization 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 SUSTAINABILITY STATEMENT

### 1. Objective

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

### 2. Principles of Sustainability

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

- i. Continuously improving safety and health at our work place;
- ii. Ensuring compliance with regulatory requirements;
- iii. Reducing environment damages to the minimum;
- iv. 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

### LIEW CHEE KEONG

- *Executive Director*
- *Aged 46, Malaysian, Male*
- *Appointed to the Board on 1 November 2021*

**Liew Chee Keong** has 13 years in the property development industry as well as relevant field which include engineering, sales and general management.

He 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 hold any directorship in any other public listed companies and 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 50, Malaysian, Male*
- *Appointed to the Board on 8 May 2015*

Koo Jenn Man started his career as an audit assistant at Pricewaterhouse Cooper, 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 is graduated from the University of Otago, New Zealand with a Bachelor of Commerce majoring in Accountancy. He is also a member of the Malaysian Institute of Accountants and Chartered Institute of Management Accountants in 2000.

He has direct shareholdings of 393,500 (0.16%) ordinary shares in the Company.

### 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 71, 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 does not hold any directorship in any other public listed companies and does not have any interest in shares in the Company.

## PROFILE OF DIRECTORS

### CHUI VUI LEONG @ CHIEW 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 63, 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 Plantation 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 hold any directorship in any other public listed companies and 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 Koo Jenn Man were publicly reprimanded and total fined of RM25,000 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 26.*

## KEY SENIOR MANAGEMENT PROFILE

### LIEW CHEE KEONG

- Executive Director
- Aged 46, 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 16 of this Annual Report 2022.

Our Executive Directors are supported by the following management and technical personnel comprising:

| Name                             | Designation                       | Years of working experience |
|----------------------------------|-----------------------------------|-----------------------------|
| Len Siau Ten                     | Finance Manager                   | 21                          |
| Kevin Pereira                    | Office Manager                    | 10                          |
| Tina Quah Phaik Choo             | Admin/Human Resource Manager      | 36                          |
| Michael @Anthony Jihing @ Johnny | Purchasing Manager                | 23                          |
| Erlinda Yeo Kui Gek              | Project Secretary                 | 32                          |
| Chan Chee Choi @ Willie          | Assistant Site Agent cum Engineer | 14                          |
| Jiniarti Jastan                  | Quantity Surveyor                 | 14                          |
| Brendan H Mojungkin              | Quantity Surveyor                 | 16                          |

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Furthermore, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, this enables the transfer of skills and knowledge to employees at all levels in our organization. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

## 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.

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 2022. 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") issued 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 Directors 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 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 is categorised based on four (4) main factors such as strategic risk, operational risk, financial risk and compliance risk.

The risk assessment exercise was conducted in previous financial year 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 been presented to the ARMC for deliberation.

### KEY ELEMENTS OF INTERNAL CONTROL

#### (i) Internal Audit

The Internal Auditors that report to the ARMC, 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 ARMC and senior management.

#### (ii) ARMC

The ARMC was set up with the view to assist and provide the Board with added focus in discharging its duties. The ARMC 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 ARMC 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Internal Audit Function

The Group has appointed an established external professional firm, which reports to the ARMC and assists the ARMC 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 ARMC 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 2022, the internal audit carried out audit 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.

### 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;
- 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 on the Group's risk management and internal control systems that are 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 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 Directors and to the best of the Executive Directors' 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 2022. 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 2022 and it is to be read together with the CG Report 2022 (“CG Report”) which is available at the corporate website at [www.bertamalliance.com](http://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 Directors 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 specialization, 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 Directors and Management review with the Board the outlook of the relevant industries for the following financial year.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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 Directors 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.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 1.3 Separation of the positions of the Chairman and Executive Director (“ED”)

The Chairman is responsible for the leadership and effectiveness of the Board, conduct and governance of the Board, while the ED 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 ED 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 ED, 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 ED 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.

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 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.

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 2022. Set out below is the record of attendance of the Board Member:-

| Name of Directors                               | No. of Meetings<br>Attended |
|---|-----------------------------|
| Mr Lim Nyuk Foh (resigned w.e.f. 24 March 2023) | 5/5                         |
| Mr Liew Chee Keong                              | 5/5                         |
| Mr Koo Jenn Man                                 | 5/5                         |
| Chui Vui Leong @ Chiew Vui Leong                | 5/5                         |
| Mr Lee Kok Toong @ Lee Ming Heng                | 4/5                         |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 1.6 Access of Information and Advice (cont'd)

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.

#### 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](http://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 Company’s website at [www.bertamalliance.com](http://www.bertamalliance.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 3.2 Whistle Blowing Policy and Procedures

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, malpractices involving the Company. 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 website at [www.bertamalliance.com](http://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 14 to 15 of this Annual Report.

### 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 director, 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) one (1) Executive Director;
- (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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 5.2 Board Composition (Cont'd)

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 Director are tasked to develop strategic direction of the Company and the Group. Other than that, the Executive Director 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 Director provide directions in the implementation of short and long-term business plans. In connection therewith, the Executive Director keeps the Board informed of the overall operations and ensure sufficient information are distributed to the Board. Nevertheless, the Executive Director 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.

#### 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.

The Board, through the Executive Director, undertakes annual assessment of the independence of the affected Independent Directors as it believes the Executive Director who have close working relationship amongst the Directors are well placed to ascertain their independence.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 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 various 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 recognizes a diverse Board in the Company could offer greater depth and breadth as 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.

#### 5.6 Appointments to the Board

The Nomination Committee is responsible for reviewing the Board's composition and recommending to the Board for 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 the need arise. Appointments have due regard to our Fit and Proper Policy with consideration to the benefits of diversity and ensuring the Board has the appropriate mix of personality, skills, and experience in accordance with the approved selection criteria.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 5.6 Appointments to the Board (Cont'd)

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.

#### 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 the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 5.6 Criteria for Recruitment (Cont'd)

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.

In 30 June 2022, the Board has established the Fit and Proper Policy to guide the Nomination Committee and the Board of Directors in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election to ensure that any person to be appointed or re-elected as a Director shall possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Fit and Proper Policy is published on the Company's website at [www.bertamalliance.com](http://www.bertamalliance.com).

#### 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, working 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<br>(Independent Non-Executive Director) |
| Member   | : | Lee Kok Toong @ Lee Ming Heng<br>(Independent Non-Executive Director)    |

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 5.8 Nomination Committee (Cont'd)

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2022:

- (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 ARMC;
- (iv) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company;
- (v) 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 stay 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 the MMLR. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 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 2022 were as follows:-

- Program Kesedaran
- Mandatory Accreditation Program
- AOB Conversation with Audit Committee
- ISSB-MASB Outreach Session on IFRS Sustainability Disclosure Exposure
- The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting

#### 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 2022 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 29<sup>th</sup> AGM in accordance with the provisions of the Constitution of the Company and relevant provisions of the Act and the MCGG. 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 29<sup>th</sup> AGM for shareholders' approval.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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)

Member : Chui Vui Leong @ Chiew Vui Leong  
(Independent Non-Executive Director)

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](http://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 prevailing market practices. Each of the Non-Executive Directors will abstain from deliberation and voting on his own remuneration.

A summary of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the financial year ended 31 December 2022 is as follows: -

|  | Non-Independent<br>Executive Directors<br>RM'000 | Independent<br>Non-Executive<br>Directors<br>RM'000 | Non-Independent<br>Non-Executive<br>Director<br>RM'000 |
|--|--|---|--|
| <b>Fees</b>                              | 72.0   | 60.0  | 36.0   |
| <b>Salaries and Other<br/>Emoluments</b> | 2.5  | 2.5   | 3.0  |
| <b>Total</b>                             | 74.5   | 62.5  | 39.0   |

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 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 of its responsibilities. The ARMC assists the Board in overseeing the financial reporting of the Group and ensure that the financial statement is drawn up in accordance with the applicable accounting standards in Malaysia and provisions of the Act.

A detailed report of the ARMC can be found on pages 46 to 46 of this Annual Report 2022.

#### 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 MCGG 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.

#### 9.2 Former audit partner

Practice 9.2 of the MCGG 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 is currently in the midst of reviewing its Terms of Reference to reflect the latest requirements in Practice 9.2 of the MCGG.

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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 statements.

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 2022.

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 PLT as the External Auditors of the Company for the financial year ended 31 December 2022.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 as follows:

|          |   |  |
|----------|---|--|
| Chairman | : | Lee Kok Toong @ Lee Ming Heng<br>(Independent Non-Executive Director)    |
| Member   | : | Chui Vui Leong @ Chiew Vui Leong<br>(Independent Non-Executive Director) |
|          |   | Koo Jenn Man<br>(Non-Independent Non-Executive Director)                 |

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

#### 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.

#### 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 25 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### 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](http://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: 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 29<sup>th</sup> Annual General Meeting which will be held on 21 June 2023. 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 28th 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 28th 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 2022. 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 26 April 2023.

## 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    | Chairman    | Independent Non-Executive Director     |
| Chui Vui Leong @ Chiew Vui Leong | Member      | Independent Non-Executive Director     |
| Koo Jenn Man                     | Member      | Non-Independent Non-Executive Director |

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 2022

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

| Name of Committee Member         | Attendance |
|----------------------------------|------------|
| Koo Jenn Man                     | 5/5        |
| Lee Kok Toong @ Lee Ming Heng    | 4/5        |
| Chui Vui Leong @ Chiew Vui Leong | 5/5        |

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

### TERMS OF REFERENCE

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

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022

The key activities undertaken by the ARMC during the financial year ended 31 December 2022 were summarized 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 2022;
- 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;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- 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 2022 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; and
- 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 ARMC and assists the ARMC 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 15 years' experience in internal audit and reports directly to the ARMC 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 year, the internal audit carried out audit on the following scope:

- I) Revenue
  - Contracts execution
  - Billing to main contractor
  - Debtor aging monitoring
- II) Project Management
  - Sub-contractor appointment
  - Project progress monitoring
  - Sub-contractor's progress claim
- III) Finance
  - Payment process
  - Bank reconciliation
  - Journal entries
  - Monthly management financial statement

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- IV) Human Resource
  - Appointment of staff
- V) Risk Management
  - Identification, reporting and monitoring of risks
- VI) Corporate Governance
  - Malaysia Code on Corporate Governance

Report on the results of the internal audit review, identifying weaknesses with suggested recommendations for improvements were communicated to the Management and ARMC for further action to improve the system of internal control of the Company.

The ARMC has full and direct access to the Internal Auditor, reviewed the reports on all audits performed and monitors its performance. The ARMC also reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

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

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

1. 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 provision 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
- 1.1 Proper accounting and other records are kept which enable the preparation of the financial statement 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 2022, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgment 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<br>(RM'000) | Actual Utilisation<br>(RM'000) | Balance unutilised<br>(RM'000) | Intended time frame for utilisation |
|----|---|----------------------------|--------------------------------|--------------------------------|-------------------------------------|
| 1. | Funding for existing contracts/project                                      | 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                     |
|    | <b>Total</b>  | <b>3,841</b>               | <b>3,841</b>                   | <b>0</b>                       |                                     |

#### 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 2022 other than those disclosed under notes to financial statements.

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

On 30 June 2022, 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 2022 were as follows:

|  | Company (RM) | Group (RM) |
|--|--------------|------------|
| Audit Services Rendered  | 83,000       | 214,000    |
| Non-Audit Services Rendered  |              |            |
| (a) Review of Statement on Risk Management and Internal Control        | 5,000        | 5,000      |
| (b) Reporting accountants' assurance and agreed upon procedures report | 98,000       | 98,000     |

## 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 2022.

### 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 16 to the financial statements.

### Results

|   | <b>Group<br/>RM</b> | <b>Company<br/>RM</b> |
|---|---------------------|-----------------------|
| Profit/(Loss) for the financial year attributable to: |                     |                       |
| Owners of the Company                                 | 15,310,643          | 65,693,705            |
| Non-controlling interests                             | (1,982)             | -                     |
|   | <u>15,308,661</u>   | <u>65,693,705</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 2022.

### 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  
 Chui Vui Leong @ Chiew Vui Leong  
 Liew Chee Keong  
 Lim Nyuk Foh (Resigned on 24 March 2023)

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

## 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<br>31.12.2022 |
|------------------|---------------------------|--------|------|------------------|
|                  | At<br>1.1.2022            | 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 25 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 RM176,000 and RM176,000 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.

## DIRECTORS' REPORT

### Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 16 to the financial statements.

### Issues of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Other statutory information

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

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

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

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (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 2022 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 30.

### Significant events

The details of significant events are disclosed in Note 30 to the financial statements.

### Auditors

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

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company are amounted to RM317,000 and RM88,000 respectively.

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

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LIEW CHEE KEONG  
Director

Kota Kinabalu

Dated : 28 April 2023

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

In the opinion of the Directors, the accompanying financial statements set out on pages 55 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

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

---

LIEW CHEE KEONG

Director

Kota Kinabalu

Dated : 28 April 2023

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

I, LIEW CHEE KEONG, being the Director primarily responsible for the financial management of BERTAM ALLIANCE BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 55 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by )  
the abovenamed LIEW CHEE KEONG )  
at Kota Kinabalu in the state of Sabah )  
on 28 April 2023 )

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LIEW CHEE KEONG

Before me,

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COMMISSIONER FOR OATH

## 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 2022 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 55 to 117.

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 2022, 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 negative operating cash flows of RM1,465,574 during the financial year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by RM17,091,559. 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.

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

(continued)

### 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.

### Group

| Area of focus  | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Reliance on management's experts</b></p> <p>As disclosed in Note 15, the Group engaged independent valuers for the purpose of estimating the net realisable values of the Group's land held for property development.</p> <p>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.</p>   | <p>We have obtained the valuation reports prepared by the independent valuers engaged by the Group.</p> <p>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.</p> <p>We also assessed the competency, capabilities and objectivity of these independent valuers engaged by the Group.</p>  |
| <p><b>Revenue recognition from construction contracts</b></p> <p>As disclosed in Note 5, the Group recorded revenue from construction contracts of RM20,937,523 for the financial year, which contributed 97% of the Group's total revenue.</p> <p>Revenue from construction contracts is recognised progressively over time using either the output method, i.e. based on the value of work certified or the input method, i.e. cost-to-cost method, based on the proportion of the actual costs incurred relative to the estimated total costs.</p> <p>The revenue recognition on construction contracts is considered a key audit matter as significant judgement and estimation is involved in the following areas:</p> <ul style="list-style-type: none"> <li>• determination of stage of completion;</li> <li>• estimation of total contract cost; and</li> <li>• profitability of the construction contracts in estimating foreseeable losses, if any.</li> </ul> | <p>We have agreed the total contract sum to the original signed letter of awards of the contracts;</p> <p>For contracts using the output method, we checked the entire chain of approved claims, from the Company right up to the ultimate customers, including to the certified claims approved by the independent engineering firms appointed by the ultimate customer. For those contracts where this is not possible, we have checked the subsequent payments of these progress billings;</p> <p>We tested cost incurred to date to supporting documentation as well as performed physical inspections of material projects;</p> <p>We assessed the reasonableness of the estimated total contract cost by:</p> <ul style="list-style-type: none"> <li>• checking to supporting documentation such as contracts and quotations with sub-contractors;</li> <li>• determining that the basis and assumptions used by management is reasonable for those other cost not directly supported by contracts and quotations;</li> <li>• Assessed the variable considerations relating to liquidated damages, if any; and</li> <li>• Assessed the foreseeable losses of the contracts, if any.</li> </ul> |

## **INDEPENDENT AUDITORS' REPORT**

### TO THE MEMBERS OF BERTAM ALLIANCE BERHAD

#### **Key Audit Matters** (continued)

##### **Company**

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

#### **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

Kota Kinabalu

Dated : 28 April 2023

DIVAHARAN SIVARAMAN KANNAN  
03446/08/2023 J  
CHARTERED ACCOUNTANT

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|  | Note | Group                    |                           | Company                  |                           |
|--|------|--------------------------|---------------------------|--------------------------|---------------------------|
|  |      | 2022<br>RM               | 2021<br>RM                | 2022<br>RM               | 2021<br>RM                |
| Revenue  | 5    | 21,606,380               | 3,506,095                 | -                        | -                         |
| Cost of sales  |      | (17,690,411)             | (3,002,218)               | -                        | -                         |
| <b>Gross profit</b>  |      | <u>3,915,969</u>         | <u>503,877</u>            | -                        | -                         |
| Other operating income   | 6    | 3,132,067                | 317,522                   | 66,885,332               | -                         |
| Other operating expenses   | 7    | -                        | (2,348,210)               | -                        | (2,797,844)               |
| Administrative expenses  |      | (6,131,684)              | (2,561,359)               | (1,142,985)              | (1,474,747)               |
| Finance costs  | 10   | (55,376)                 | (40,191)                  | (48,642)                 | (167)                     |
| <b>Profit/(Loss) before taxation</b>   | 11   | <u>860,976</u>           | <u>(4,128,361)</u>        | <u>65,693,705</u>        | <u>(4,272,758)</u>        |
| Income tax expense   | 12   | 14,447,685               | (698,050)                 | -                        | (293,625)                 |
| <b>Profit/(Loss) for the<br/>financial year/Total<br/>comprehensive profit/(loss)</b>            |      | <u><u>15,308,661</u></u> | <u><u>(4,826,411)</u></u> | <u><u>65,693,705</u></u> | <u><u>(4,566,383)</u></u> |
| <b>Profit/(Loss) attributable to:</b>  |      |                          |                           |                          |                           |
| Owners of the Company  |      | 15,310,643               | (4,486,695)               | 65,693,705               | (4,566,383)               |
| Non-controlling interest   |      | (1,982)                  | (339,716)                 | -                        | -                         |
|  |      | <u><u>15,308,661</u></u> | <u><u>(4,826,411)</u></u> | <u><u>65,693,705</u></u> | <u><u>(4,566,383)</u></u> |
| <b>Profit/(Loss) per share<br/>attributable to owners<br/>of the Company (sen<br/>per share)</b> |      |                          |                           |                          |                           |
| Basic and diluted  | 13   | <u><u>6.17</u></u>       | <u><u>(1.89)</u></u>      |                          |                           |

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

**STATEMENTS OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

| ASSETS  | Note | Group              |                    | Company            |                     |
|---|------|--------------------|--------------------|--------------------|---------------------|
|   |      | 2022<br>RM         | 2021<br>RM         | 2022<br>RM         | 2021<br>RM          |
| <b>Non-current assets</b>                           |      |                    |                    |                    |                     |
| Property, plant and equipment                       | 14   | 443,207            | 302,188            | 61,217             | 153,209             |
| Inventories   | 15   | 147,927,115        | 147,927,115        | -                  | -                   |
| Investments in subsidiary companies                 | 16   | -                  | -                  | -                  | -                   |
| Goodwill  | 17   | -                  | -                  | -                  | -                   |
|   |      | <u>148,370,322</u> | <u>148,229,303</u> | <u>61,217</u>      | <u>153,209</u>      |
| <b>Current assets</b>                               |      |                    |                    |                    |                     |
| Trade and non-trade receivables                     | 18   | 7,452,366          | 2,426,157          | 180,806            | 178,820             |
| Cash and bank balances                              | 19   | 1,230,668          | 644,464            | 37,955             | 2,769               |
|   |      | <u>8,683,034</u>   | <u>3,070,621</u>   | <u>218,761</u>     | <u>181,589</u>      |
| <b>TOTAL ASSETS</b>                                 |      | <u>157,053,356</u> | <u>151,299,924</u> | <u>279,978</u>     | <u>334,798</u>      |
| <b>EQUITY AND LIABILITIES</b>                       |      |                    |                    |                    |                     |
| <b>Equity attributable to owners of the Company</b> |      |                    |                    |                    |                     |
| Share capital                                       | 20   | 210,597,912        | 210,597,912        | 210,597,912        | 210,597,912         |
| Accumulated losses                                  | 21   | (78,824,170)       | (94,134,813)       | (217,900,080)      | (283,593,785)       |
|   |      | <u>131,773,742</u> | <u>116,463,099</u> | <u>(7,302,168)</u> | <u>(72,995,873)</u> |
| Non-controlling interests                           |      | (494,979)          | (492,997)          | -                  | -                   |
| <b>TOTAL EQUITY</b>                                 |      | <u>131,278,763</u> | <u>115,970,102</u> | <u>(7,302,168)</u> | <u>(72,995,873)</u> |
| <b>Non-current liability</b>                        |      |                    |                    |                    |                     |
| Loans and borrowings                                | 22   | -                  | 13,972             | -                  | -                   |
| <b>Current liabilities</b>                          |      |                    |                    |                    |                     |
| Trade and non-trade payables                        | 23   | 22,323,021         | 20,373,223         | 4,078,725          | 72,375,164          |
| Loans and borrowings                                | 22   | 3,210,220          | 885,285            | 3,210,220          | 793,882             |
| Taxation  | 24   | 241,352            | 14,057,342         | 293,201            | 161,625             |
|   |      | <u>25,774,593</u>  | <u>35,315,850</u>  | <u>7,582,146</u>   | <u>73,330,671</u>   |
| <b>TOTAL LIABILITIES</b>                            |      | <u>25,774,593</u>  | <u>35,329,822</u>  | <u>7,582,146</u>   | <u>73,330,671</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <u>157,053,356</u> | <u>151,299,924</u> | <u>279,978</u>     | <u>334,798</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 2022

| Group   | Note | ← Attributable to the owners of the Company → |                          | Non-controlling interests | Total equity |
|---|------|---|--------------------------|---------------------------|--------------|
|   |      | ← Non-distributable →<br>Share capital<br>RM  | Accumulated losses<br>RM |                           |              |
| At 1 January 2021                                 |      | 206,756,497                                   | (89,648,118)             | (153,281)                 | 116,955,098  |
| <u>Transaction with equity holders</u>            |      |   |                          |                           |              |
| Issuance of shares                                | 20   | 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  |
| <u>Non-owner changes in equity</u>                |      |   |                          |                           |              |
| Total comprehensive profit for the financial year |      | -   | 15,310,643               | (1,982)                   | 15,308,661   |
| At 31 December 2022                               |      | 210,597,912                                   | (78,824,170)             | (494,979)                 | 131,278,763  |

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 2022

| Company  | Note | Attributable to the<br>owners of the Company |                          | Total equity<br>RM |
|--|------|--|--------------------------|--------------------|
|  |      | Non-distributable<br>Share capital<br>RM     | Accumulated losses<br>RM |                    |
| At 1 January 2021                                    |      | 206,756,497                                  | (279,027,402)            | (72,270,905)       |
| <u>Transaction with equity holders</u>               |      |  |                          |                    |
| Issuance of shares                                   | 20   | 3,841,415                                    | -                        | 3,841,415          |
| <u>Non-owner changes in equity</u>                   |      |  |                          |                    |
| Total comprehensive loss for<br>the financial year   |      | -  | (4,566,383)              | (4,566,383)        |
| At 31 December 2021                                  |      | 210,597,912                                  | (283,593,785)            | (72,995,873)       |
| <u>Non-owner changes in equity</u>                   |      |  |                          |                    |
| Total comprehensive profit for<br>the financial year |      | -  | 65,693,705               | 65,693,705         |
| At 31 December 2022                                  |      | 210,597,912                                  | (217,900,080)            | (7,302,168)        |

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 2022

|   | Note | Group       |             | Company      |             |
|---|------|-------------|-------------|--------------|-------------|
|   |      | 2022<br>RM  | 2021<br>RM  | 2022<br>RM   | 2021<br>RM  |
| <b>Cash flows from operating activities</b>                   |      |             |             |              |             |
| Profit/(Loss) before taxation                                 |      | 860,976     | (4,128,361) | 65,693,705   | (4,272,758) |
| Adjustments for:  |      |             |             |              |             |
| Depreciation of property, plant and equipment                 |      | 181,164     | 166,457     | 91,992       | 96,816      |
| Gain on disposal of property, plant and equipment             |      | (62,998)    | (27,999)    | -            | -           |
| Impairment loss on land held for property development         |      | -           | 2,348,210   | -            | -           |
| (Reversal)/impairment loss on trade and other receivables     |      | (168,066)   | (281,973)   | (66,885,332) | 2,797,844   |
| Interest expenses   |      | 55,376      | 40,191      | 48,642       | 167         |
| <b>Operating profit/(loss) before working capital changes</b> |      | 866,452     | (1,883,475) | (1,050,993)  | (1,377,931) |
| Change in receivables   |      | (4,858,143) | (211,274)   | 16,314       | 32,190      |
| Change in payables  |      | 1,949,798   | (1,447,848) | 2,972,172    | (422,635)   |
| <b>Cash (used in)/from operations</b>                         |      | (2,041,893) | (3,542,597) | 1,937,493    | (1,768,376) |
| Income tax refunded   |      | 821,467     | 398,970     | 131,576      | -           |
| Income tax paid   |      | (189,772)   | -           | -            | -           |
| Interest paid   |      | (55,376)    | (40,191)    | (48,642)     | (167)       |
| <b>Net cash (used in)/from operating activities</b>           |      | (1,465,574) | (3,183,818) | 2,020,427    | (1,768,543) |
| <b>Cash flows from investing activities</b>                   |      |             |             |              |             |
| Acquisition of property, plant and equipment                  | 14   | (322,185)   | (63,293)    | -            | -           |
| Change in amount due from subsidiary companies                |      | -           | -           | (4,847,141)  | (2,832,687) |
| Cost incurred on land held for property development           |      | -           | (142,110)   | -            | -           |
| Proceeds from disposal of property, plant and equipment       |      | 63,000      | 28,000      | -            | -           |
| <b>Net cash used in investing activities</b>                  |      | (259,185)   | (177,403)   | (4,847,141)  | (2,832,687) |

(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 2022

(continued)

|   | Note | Group                     |                         | Company                   |                         |
|---|------|---------------------------|-------------------------|---------------------------|-------------------------|
|   |      | 2022<br>RM                | 2021<br>RM              | 2022<br>RM                | 2021<br>RM              |
| <b>Cash flows from financing activities</b>                     |      |                           |                         |                           |                         |
| Change in amount due to subsidiary companies                    |      | -                         | -                       | 445,562                   | (52,386)                |
| Proceeds from increase of share capital                         | 20   | -                         | 3,841,415               | -                         | 3,841,415               |
| Repayment of hire purchase                                      |      | (105,375)                 | (112,628)               | -                         | -                       |
| Repayment of term loans   |      | -                         | (607,988)               | -                         | -                       |
| <b>Net cash (used in)/from financing activities</b>             |      | <u>(105,375)</u>          | <u>3,120,799</u>        | <u>445,562</u>            | <u>3,789,029</u>        |
| <b>Net decrease in cash and cash equivalents</b>                |      | (1,830,134)               | (240,422)               | (2,381,152)               | (812,201)               |
| <b>Cash and cash equivalents at beginning of financial year</b> |      | <u>(149,418)</u>          | <u>91,004</u>           | <u>(791,113)</u>          | <u>21,088</u>           |
| <b>Cash and cash equivalents at end of financial year</b>       | 19   | <u><u>(1,979,552)</u></u> | <u><u>(149,418)</u></u> | <u><u>(3,172,265)</u></u> | <u><u>(791,113)</u></u> |

**Reconciliation of liabilities arising from financing activities:**

| Group                            | 1 January<br>RM | Cash<br>flows<br>RM | Non-cash<br>changes<br>RM | 31 December<br>RM |
|----------------------------------|-----------------|---------------------|---------------------------|-------------------|
| <b>2022</b>                      |                 |                     |                           |                   |
| Hire purchase                    | 105,375         | (105,375)           | -                         | -                 |
| <b>2021</b>                      |                 |                     |                           |                   |
| 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>    |
| <b>Company</b>                   |                 |                     |                           |                   |
| <b>2022</b>                      |                 |                     |                           |                   |
| Amount due to subsidiary company | 71,268,611      | 445,562             | (71,714,173)              | -                 |
| <b>2021</b>                      |                 |                     |                           |                   |
| Amount due to subsidiary company | 71,320,997      | (52,386)            | -                         | 71,268,611        |

The non-cash changes of the Company in 2022 relates to the debt reassignment arrangement made between the Company and its subsidiary companies to offset the amounts due to and from the companies within the Group.

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

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

### 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 16 to the financial statements.

The registered office and principal place of business of the Company are located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No.1, Medan Syed Putra Utara, 69200, Kuala Lumpur Wilayah Persekutuan and Lot 10, 8<sup>th</sup> 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 2023.

### 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 2022, the Group incurred a negative operating cash flows of RM1,465,574, and as at that date, the Group's current liabilities exceeded its current assets by RM17,091,559. The Company is also 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 30.

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

### 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 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.
- The profitability of the Group's ongoing and new construction contracts, for which as at 31 December 2022, the aggregate amounts of the transaction price allocated to unsatisfied or partially unsatisfied performance obligations amounted to RM37,264,274 as disclosed in Note 5, as well as the newly secured construction project of RM82,000,000 as disclosed in Note 30(ii). These projects are expected to bring a steady stream of revenue and cash flows over the duration of these contracts including up to 31 December 2023. However, due to inflationary pressures and rising cost, there are significant uncertainties whether these profits can or will be achieved.

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.

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

During the financial year, the Company has 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:

- COVID-19-Related Rent Concessions: Amendment to MFRS 16
- Annual Improvements to MFRS Standards 2018–2020: Amendments to MFRS 9 Financial Instruments (Fees in the '10 per cent' Test for Derecognition of Financial Liabilities)
- 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

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

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

### 2. **Basis of preparation** (continued)

#### (b) **Standards issued but not yet effective**

Certain new accounting standards and interpretations have been issued but not yet effective for 31 December 2022 reporting periods and have not been early adopted by the Company, as follows:

##### Effective financial periods beginning 1 January 2023

- 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.

##### Effective financial periods beginning 1 January 2024

- MFRS 16 Lease Liability in a Sale and Leaseback: Amendments to MFRS 16 Leases)
- MFRS 101 Non-current liabilities with covenants: Amendments to MFRS 101)

These amendments and standards are not expected to have a material impact on 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 2022

**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 (I)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the 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 2022

### 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 2022

**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 2022

**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 2022

**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 either the output method, i.e. based on the value of work certified or the input method, i.e. cost-to-cost method, 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. The Group recognise revenue arise from service contracts over time as the customer simultaneously receives and consumes benefits provided by the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**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 2022

**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 2022

**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:

|   |           |
|---|-----------|
| Furniture, fittings, office equipment and signboard | 10% - 20% |
| Motor vehicles                                      | 20%       |
| Plant and machinery                                 | 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 2022

**4. Significant accounting policies (continued)****(g) 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.

**(h) Inventories****(i) Land held for property development**

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

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

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

**(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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(i) 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.

**(j) Cash and cash equivalents**

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

**(k) Financial instruments**

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

**(i) Financial assets**

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(k) Financial instruments (continued)****(i) Financial assets (continued)**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(k) Financial instruments (continued)****(i) Financial assets (continued)****Financial assets at amortised cost (debt instruments) (continued)**

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(k) Financial instruments (continued)****(ii) Financial liabilities (continued)**

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

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

**Financial liabilities at fair value through profit or loss**

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

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

**Financial liabilities measured at amortised cost**

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

Trade and non-trade payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(l) Impairment****(i) Impairment of financial assets**

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

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(i) Impairment (continued)****(ii) Impairment of non-financial assets**

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(m) Equity instruments**

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

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

**(n) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(n) Leases (continued)****(i) Classification (continued)**

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).

**(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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(n) Leases (continued)****(iii) Recognition and initial measurement (continued)****As a lessee (continued)**

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.

**(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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies** (continued)**(n) Leases** (continued)**(iv) Subsequent measurement** (continued)**As a lessee** (continued)

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.

**(o) 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.

**(p) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies (continued)****(q) 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.

**(r) 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.

**(s) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**4. Significant accounting policies** (continued)**(s) Fair value measurement** (continued)

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

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

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

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

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

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (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 2022

**5. Revenue**

|   | Group             |                  | Company    |            |
|---|-------------------|------------------|------------|------------|
|   | 2022<br>RM        | 2021<br>RM       | 2022<br>RM | 2021<br>RM |
| <b>Revenue from contracts with customers</b>          |                   |                  |            |            |
| Construction contract revenue                         |                   |                  |            |            |
| - Third party   | 678,341           | 676,731          | -          | -          |
| - Related party*                                      | 20,259,182        | 2,686,327        | -          | -          |
|   | <u>20,937,523</u> | <u>3,363,058</u> | <u>-</u>   | <u>-</u>   |
| Service revenue                                       | 411,641           | -                | -          | -          |
| Sales of building materials **                        | -                 | 143,037          | -          | -          |
| Sundry revenue  | 257,216           | -                | -          | -          |
|   | <u>21,606,380</u> | <u>3,506,095</u> | <u>-</u>   | <u>-</u>   |
| <b>Timing of revenue from contract with customers</b> |                   |                  |            |            |
| Point in time   | 257,216           | 143,037          | -          | -          |
| Over time   | 21,349,164        | 3,363,058        | -          | -          |
|   | <u>21,606,380</u> | <u>3,506,095</u> | <u>-</u>   | <u>-</u>   |

\* Included within related party revenues is RM4,962,516 from a company for which a director of this company is a party to the regularisation plan and is one of the individuals who has given an irrevocable and unconditional written undertaking as disclosed in Note 2, which if implemented successfully, will result in this company becoming a related party.

There are no related party revenues from non-construction contract revenues

\*\* The Group revenues relating to sales of building materials in the prior year 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.

The aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2022 amounted to RM37,264,274 (2021:RM40,226,271) and the Group will recognise this revenue overtime as the construction projects are completed, which is expected to occur over the next two years (2021: two years).

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**6. Other operating income**

|  | Group            |                | Company           |            |
|--|------------------|----------------|-------------------|------------|
|  | 2022<br>RM       | 2021<br>RM     | 2022<br>RM        | 2021<br>RM |
| Gain on disposal of property, plant and equipment, net of real property gain tax | 62,998           | 27,999         | -                 | -          |
| Reversal of impairment loss on receivables (Note 18)                             | 168,066          | 281,973        | 66,885,332        | -          |
| Reversal of penalty imposed (Note 23(ii))  | 2,810,573        | -              | -                 | -          |
| Rental income  | 30,400           | 6,000          | -                 | -          |
| Miscellaneous income   | 60,030           | 1,550          | -                 | -          |
|  | <u>3,132,067</u> | <u>317,522</u> | <u>66,885,332</u> | <u>-</u>   |

**7. Other operating expenses**

|   | Group      |                  | Company    |                  |
|---|------------|------------------|------------|------------------|
|   | 2022<br>RM | 2021<br>RM       | 2022<br>RM | 2021<br>RM       |
| Impairment loss on land held for property development (Note 15) | -          | 2,348,210        | -          | -                |
| Impairment on receivables (Note 18)                             | -          | -                | -          | 2,797,844        |
|   | <u>-</u>   | <u>2,348,210</u> | <u>-</u>   | <u>2,797,844</u> |

**8. Employee benefits expense**

|  | Group            |                | Company        |                |
|--|------------------|----------------|----------------|----------------|
|  | 2022<br>RM       | 2021<br>RM     | 2022<br>RM     | 2021<br>RM     |
| Salaries, wages and allowances               | 1,629,044        | 889,101        | 265,418        | 618,632        |
| Contributions to defined contribution plan   | 147,768          | 74,063         | 7,541          | 45,096         |
| Contributions to employment insurance scheme | 1,902            | 467            | 42             | 61             |
| Social security contributions                | 17,674           | 5,609          | 1,083          | 1,129          |
|  | <u>1,796,388</u> | <u>969,240</u> | <u>274,084</u> | <u>664,918</u> |

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration consisting salaries and other emoluments and fees amounting to RM176,000 (2021: RM553,767) and RM176,000 (2021: RM553,767) respectively as further disclosed in Note 9 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>RM     | 2021<br>RM     | 2022<br>RM     | 2021<br>RM     |
| Executive Directors' remuneration (Note 8)   |                |                |                |                |
| - Fee  | 72,000         | 72,000         | 72,000         | 72,000         |
| - Salaries and other emoluments              | 2,500          | 310,000        | 2,500          | 310,000        |
| - Contributions to defined contribution plan | -              | 37,200         | -              | 37,200         |
|  | <u>74,500</u>  | <u>419,200</u> | <u>74,500</u>  | <u>419,200</u> |
| Non-executive Directors' remuneration        |                |                |                |                |
| - Fee  | 96,000         | -              | 96,000         | -              |
| - Other emoluments                           | 5,500          | 134,567        | 5,500          | 134,567        |
|  | <u>101,500</u> | <u>134,567</u> | <u>101,500</u> | <u>134,567</u> |
| Total Directors' remuneration                | <u>176,000</u> | <u>553,767</u> | <u>176,000</u> | <u>553,767</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 |      |
|--------------------------|---------------------|------|
|                          | 2022                | 2021 |
| Executive Directors:     |                     |      |
| Below RM200,000          | 2                   | 2    |
| RM200,001 – RM300,000    | -                   | 1    |
| Non-executive Directors: |                     |      |
| Below RM50,000           | 3                   | 4    |
| RM50,000 – RM100,000     | -                   | 1    |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**10. Finance costs**

|                    | Group         |               | Company       |            |
|--------------------|---------------|---------------|---------------|------------|
|                    | 2022<br>RM    | 2021<br>RM    | 2022<br>RM    | 2021<br>RM |
| Interest expenses: |               |               |               |            |
| - Hire purchase    | 6,734         | 5,354         | -             | -          |
| - Term loans       | -             | 34,670        | -             | -          |
| - Bank overdraft   | 48,642        | 167           | 48,642        | 167        |
|                    | <u>55,376</u> | <u>40,191</u> | <u>48,642</u> | <u>167</u> |

**11. Profit/(Loss) before taxation**

|   | Group        |              | Company    |            |
|---|--------------|--------------|------------|------------|
|   | 2022<br>RM   | 2021<br>RM   | 2022<br>RM | 2021<br>RM |
| Other than those disclosed<br>in Note 6 to 10, profit/<br>(loss) before taxation<br>have been arrived at after<br>charging: |              |              |            |            |
| Auditors' remuneration  |              |              |            |            |
| - statutory audit   | 214,000      | 196,000      | 83,000     | 83,000     |
| - other services  | 103,000      | 5,000        | 103,000    | 5,000      |
| Depreciation of property,<br>plant and equipment<br>(Note 14)   | 181,164      | 166,457      | 91,992     | 96,816     |
| Rental of premises*   | 66,100       | 72,600       | 24,100     | 42,600     |
| Rental of office equipment*   | 1,160        | 3,212        | -          | -          |
|   | <u>1,160</u> | <u>3,212</u> | <u>-</u>   | <u>-</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    |                |
|---|---------------------|----------------|------------|----------------|
|   | 2022<br>RM          | 2021<br>RM     | 2022<br>RM | 2021<br>RM     |
| Current taxation                          | 11,887              | -              | -          | -              |
|   | <u>11,887</u>       | <u>-</u>       | <u>-</u>   | <u>-</u>       |
| (Over)/Under provision<br>In prior years* | (14,459,572)        | 698,050        | -          | 293,625        |
|   | <u>(14,447,685)</u> | <u>698,050</u> | <u>-</u>   | <u>293,625</u> |

\* Included within the Group's taxation overprovision in the current year is the reversal of tax payable of RM14,061,441 arising from successful negotiation with the authorities for a reduction of tax payable as disclosed in Note 23(ii).

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

## 12. Income tax expense (continued)

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

|   | Group        |             | Company      |             |
|---|--------------|-------------|--------------|-------------|
|   | 2022<br>RM   | 2021<br>RM  | 2022<br>RM   | 2021<br>RM  |
| Profit/(Loss) before taxation                                     | 860,976      | (4,128,361) | 65,693,705   | (4,272,758) |
| Taxation at Malaysian<br>statutory tax rate<br>of 24% (2021: 24%) | 206,634      | (990,807)   | 15,766,489   | (1,025,462) |
| Non-tax deductible expenses                                       | 1,068,469    | 450,267     | 285,990      | 1,026,519   |
| Non-taxable income  | (674,537)    | (130,610)   | (16,052,479) | -           |
| Effect of unrecognised deferred<br>tax assets                     | (588,679)    | 671,150     | -            | (1,057)     |
|   | 11,887       | -           | -            | -           |
| (Over)/Under provision in<br>prior years                          | (14,459,572) | 698,050     | -            | 293,625     |
|   | (14,447,685) | 698,050     | -            | 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    |            |
|---|--------------|--------------|------------|------------|
|   | 2022<br>RM   | 2021<br>RM   | 2022<br>RM | 2021<br>RM |
| Capital allowance in excess of<br>depreciation  | 123,789      | 44,114       | -          | -          |
| Unabsorbed capital allowances   | (964)        | (324,797)    | -          | -          |
| Unutilised tax losses   | (36,735,746) | (38,785,066) | -          | -          |
|   | (36,612,921) | (39,065,749) | -          | -          |
| Deferred tax assets at 24%<br>(2021: 24%) not recognised<br>in the financial statements | (8,787,101)  | (9,375,780)  | -          | -          |

Year of expiry of unutilised tax losses is analysed as follows:

|                 | Group        |              |
|-----------------|--------------|--------------|
|                 | 2022<br>RM   | 2021<br>RM   |
| Expired by 2028 | (36,000,974) | (38,067,656) |
| Expired by 2029 | (424,730)    | (424,730)    |
| Expired by 2030 | (203,264)    | (203,264)    |
| Expired by 2031 | (106,778)    | (89,416)     |
|                 | (36,735,746) | (38,785,066) |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**12. Income tax expense** (continued)

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.

**13. Profit/(Loss) per share****(a) Basic**

Basic profit/(loss) per share amounts are calculated by dividing total comprehensive profit/(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.

|  | <b>Group</b>       |                    |
|--|--------------------|--------------------|
|  | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Profit/(Loss) net of tax attributable to owners of the Company | 15,310,643         | (4,486,695)        |
| Weighted average number of ordinary shares in issue            | 248,106,497        | 237,323,164        |
|  | <b>Sen</b>         | <b>Sen</b>         |
| Basic profit/(loss) per share                                  | 6.17               | (1.89)             |

**(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 2022

14. **Property, plant and equipment**

| <b>Group</b>                    | <b>Furniture, fittings, office<br/>equipment and<br/>signboard<br/>RM</b> | <b>Motor vehicles<br/>RM</b> | <b>Plant and<br/>machinery<br/>RM</b> | <b>Renovation<br/>RM</b> | <b>Tools and<br/>equipment<br/>RM</b> | <b>Total<br/>RM</b> |
|---------------------------------|---|------------------------------|---------------------------------------|--------------------------|---------------------------------------|---------------------|
| <b>Costs</b>                    |   |                              |                                       |                          |                                       |                     |
| At 1 January 2021               | 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           |
| Addition                        | 74,681  | 18,000                       | 96,490                                | -                        | 133,014                               | 322,185             |
| Disposal                        | -   | (170,999)                    | -                                     | -                        | -                                     | (170,999)           |
| At 31 December 2022             | 761,151   | 1,158,081                    | 96,490                                | 13,200                   | 135,349                               | 2,164,271           |
| <b>Accumulated depreciation</b> |   |                              |                                       |                          |                                       |                     |
| At 1 January 2021               | 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           |
| Depreciation charge             | 40,589  | 125,526                      | 4,859                                 | 1,320                    | 8,870                                 | 181,164             |
| Disposal                        | -   | (170,997)                    | -                                     | -                        | -                                     | (170,997)           |
| At 31 December 2022             | 582,248   | 1,121,403                    | 4,859                                 | 2,636                    | 9,918                                 | 1,721,064           |
| <b>Net book value</b>           |   |                              |                                       |                          |                                       |                     |
| At 31 December 2021             | 144,811   | 144,206                      | -                                     | 11,884                   | 1,287                                 | 302,188             |
| At 31 December 2022             | 178,903   | 36,678                       | 91,631                                | 10,564                   | 125,431                               | 443,207             |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**14. Property, plant and equipment (continued)**

| Company   | Furniture, fittings and<br>office equipment<br>RM | Motor vehicle<br>RM | Total<br>RM |
|---|---|---------------------|-------------|
| <b>Costs</b>  |   |                     |             |
| At 1 January 2021/<br>31 December 2021/<br>31 December 2022 | 306,739   | 379,552             | 686,291     |
| <b>Accumulated depreciation</b>                             |   |                     |             |
| At 1 January 2021   | 227,512   | 208,754             | 436,266     |
| Depreciation charge   | 20,905  | 75,911              | 96,816      |
| At 31 December 2021   | 248,417   | 284,665             | 533,082     |
| Depreciation charge   | 16,082  | 75,910              | 91,992      |
| At 31 December 2022   | 264,499   | 360,575             | 625,074     |
| <b>Net book value</b>                                       |   |                     |             |
| At 31 December 2021   | 58,322  | 94,887              | 153,209     |
| At 31 December 2022   | 42,240  | 18,977              | 61,217      |

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

|                | Cost<br>RM | Accumulated<br>depreciation<br>RM | Net book<br>value<br>RM |
|----------------|------------|-----------------------------------|-------------------------|
| <b>2022</b>    |            |                                   |                         |
| Motor vehicles | -          | -                                 | -                       |
| <b>2021</b>    |            |                                   |                         |
| Motor vehicles | 711,543    | 687,525                           | 24,018                  |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**15. Inventories**

|                                      | <b>Group</b> |                         |              |
|--------------------------------------|--------------|-------------------------|--------------|
|                                      | <b>2022</b>  |                         | <b>2021</b>  |
|                                      | <b>RM</b>    |                         | <b>RM</b>    |
| <b>Non-current</b>                   |              |                         |              |
| Land held for property development   | 147,927,115  |                         | 147,927,115  |
| <b>Group</b>                         |              |                         |              |
|                                      | <b>Land</b>  | <b>Development cost</b> | <b>Total</b> |
|                                      | <b>RM</b>    | <b>RM</b>               | <b>RM</b>    |
| <b>Cost</b>                          |              |                         |              |
| At 1 January 2021                    | 177,946,011  | 18,724,714              | 196,670,725  |
| Addition                             | -            | 168,529                 | 168,529      |
| Reduction*                           | -            | (67,460)                | (67,460)     |
| At 31 December 2021/31 December 2022 | 177,946,011  | 18,825,783              | 196,771,794  |
| <b>Accumulated impairment losses</b> |              |                         |              |
| At 1 January 2021                    | (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 2021/31 December 2022 | (35,192,322) | (13,652,357)            | (48,844,679) |
| <b>Carrying value</b>                |              |                         |              |
| At 31 December 2021/31 December 2022 |              |                         |              |
| - 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  |

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

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**15. Inventories (continued)**

Details of land held for property development are as follows:

| Carrying value           | 2022<br>RM  | 2021<br>RM  | Remarks      |
|--------------------------|-------------|-------------|--------------|
| Luyang land              | 23,241,200  | 23,241,200  | (i) and (v)  |
| Telipok land             | 27,897,200  | 27,897,200  | (ii) and (v) |
| Kepayan land Lot A       | 50,370,165  | 50,370,165  | (iv) and (v) |
| Kepayan land Lot B and C | 30,898,550  | 30,898,550  | (iii)        |
| Kepayan land Lot G       | 15,520,000  | 15,520,000  | (i)          |
|                          | 147,927,115 | 147,927,115 |              |

- (i) The development plan and building plan of the land has been approved by the relevant authorities in November 2020. However, the development plan and building plan approval expired in November 2021 and no resubmission to the relevant authorities has been done as at the date of approval of these financial statements.
- (ii) The development plan has been approved by relevant authorities in March 2021. However, the development plan approval expired in March 2023 and no resubmission to the relevant authorities has been done as at the date of approval of these financial statements. As a result, the building plan which was previously pending approval from the relevant authorities will need to be resubmitted for approval once the development plan is approved.
- (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.
- (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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**15. Inventories (continued)**

- (v) During the previous financial year, the Group appointed an estate agent to market and secure buyers for these properties. However, due to the current market conditions, no buyers have been identified and therefore the Group has cancelled this plan and is no longer intending to dispose of these properties.

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 RMNil (2021: RM2,348,210) was made.

**16. Investments in subsidiary companies**

|                                      | <b>Company</b>     |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| <b>Cost</b>                          |                    |                    |
| Unquoted shares, at cost             | 94,141,810         | 111,506,990        |
| Discount on loans to subsidiaries    | -                  | 16,412,737         |
| Written off for the financial year*  | -                  | (33,777,917)       |
| At 31 December                       | 94,141,810         | 94,141,810         |
| <b>Accumulated impairment losses</b> |                    |                    |
| At 1 January                         | (94,141,810)       | (127,919,727)      |
| Written off for the financial year*  | -                  | 33,777,917         |
| At 31 December                       | (94,141,810)       | (94,141,810)       |
| Net carrying amount                  | -                  | -                  |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**16. 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 last 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                  | Proportion of ownership interest |        | Principal activities                         |
|---|----------------------------------|--------|--|
|   | 2022 %                           | 2021 % |  |
| <b>Held by the Company</b>                    |                                  |        |  |
| Bertam Development Sdn. Bhd.                  | 100                              | 100    | Property development and general contractors |
| Dove Industries Sdn. Bhd.                     | 100                              | 100    | General contractors                          |
| UH Industries & Development Sdn. Bhd.         | 100                              | 100    | Dormant                                      |
| UH Capital Sdn. Bhd.                          | 100                              | 100    | Dormant                                      |
| Budaya Identiti Sdn. Bhd.                     | 100                              | 100    | Dormant                                      |
| Syarikat Sungei Buan Sdn. Bhd.                | 100                              | 100    | Dormant                                      |
| U.H. Trading (Johore) Sdn. Bhd.               | 100                              | 100    | Dormant                                      |
| U.H. Trading (Melaka) Sdn. Bhd.               | 100                              | 100    | Dormant                                      |
| U.H. Trading (K.L.) Sdn. Bhd.                 | 100                              | 100    | Dormant                                      |
| Bertam Minetech Sdn. Bhd.                     | 100                              | 100    | Dormant                                      |
| Dataran Serimaju Sdn. Bhd.                    | 100                              | 100    | Dormant                                      |
| Trans Prestasi Sdn. Bhd.                      | 100                              | 100    | Dormant                                      |
| Gunung Jaya Sdn. Bhd.                         | 100                              | 100    | Dormant                                      |
| Antara Megah Sdn. Bhd.                        | 100                              | 100    | Dormant                                      |
| <b>Held by Bertam Development Sdn Bhd</b>     |                                  |        |  |
| Wow Land Sdn. Bhd.                            | 100                              | 100    | Property development                         |
| Sunrise Avenue Sdn. Bhd.                      | 100                              | 100    | Property development                         |
| Sepakat Heights Sdn. Bhd.                     | 100                              | 100    | Property development                         |
| Legacy Mega Development Sdn. Bhd.             | 100                              | 100    | Dormant                                      |
| Budi Halus Sdn. Bhd.                          | 100                              | 100    | Dormant                                      |
| Sunrise Teamtrade Sdn Bhd                     | 51                               | 51     | Dormant                                      |
| SKB Pinang Sdn. Bhd.                          | 100                              | 100    | Dormant                                      |
| Sumbang Merah Sdn. Bhd.                       | 100                              | 100    | Dormant                                      |
| <b>Held by Antara Megah Sdn. Bhd.</b>         |                                  |        |  |
| Tabur Bakti Sdn. Bhd.                         | 100                              | 100    | Dormant                                      |
| Suria Pertiwi Sdn. Bhd.                       | 100                              | 100    | Dormant                                      |
| <b>Held by Syarikat Sungei Buan Sdn. Bhd.</b> |                                  |        |  |
| MV Properties Sdn. Bhd.                       | 100                              | 100    | Dormant                                      |

All subsidiary companies are incorporated in Malaysia. 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 2022

**17. Goodwill on consolidation**

|                                      | Group      |            |
|--------------------------------------|------------|------------|
|                                      | 2022<br>RM | 2021<br>RM |
| <b>Cost</b>                          |            |            |
| At 1 January                         | -          | 92,814     |
| Written off for the financial year   | -          | (92,814)   |
| At 31 December                       | -          | -          |
| <b>Accumulated impairment losses</b> |            |            |
| At 1 January                         | -          | (92,814)   |
| Written off for the financial year   | -          | 92,814     |
| At 31 December                       | -          | -          |
| 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 written off during previous financial year.

**18. Trade and non-trade receivables**

|  | Group       |             | Company      |               |
|--|-------------|-------------|--------------|---------------|
|  | 2022<br>RM  | 2021<br>RM  | 2022<br>RM   | 2021<br>RM    |
| <b>Trade receivables</b>                     |             |             |              |               |
| Related parties                              | 5,808,030   | -           |              |               |
| Third parties                                | 1,606,672   | 2,077,670   | -            | -             |
| Less: Allowance for impairment               | (1,784,753) | (1,951,986) | -            | -             |
| Trade receivables, net                       | 5,629,949   | 125,684     | -            | -             |
| <b>Non-trade receivables</b>                 |             |             |              |               |
| Related party                                | 64,634      | 69,584      | 60,634       | 65,584        |
| Third parties                                | 1,730,165   | 2,985,697   | 44           | 44            |
| Deposits                                     | 458,307     | 28,186      | 1,960        | 13,360        |
| Prepayments                                  | 48,891      | 48,716      | 36           | -             |
|  | 2,301,997   | 3,132,183   | 62,674       | 78,988        |
| Less: Allowance for impairment               | (891,221)   | (947,554)   | (15,854)     | (15,854)      |
| Non-trade receivables, net                   | 1,410,776   | 2,184,629   | 46,820       | 63,134        |
| <b>Amount due from subsidiary companies</b>  |             |             |              |               |
| Non-trade                                    | -           | -           | 96,073,049   | 162,940,081   |
| Less: Allowance for impairment               | -           | -           | (95,939,063) | (162,824,395) |
| Amount due from subsidiary companies, net    | -           | -           | 133,986      | 115,686       |
| <b>Contract asset (Note 23)</b>              | 411,641     | 115,844     | -            | -             |
| <b>Total trade and non-trade receivables</b> | 7,452,366   | 2,426,157   | 180,806      | 178,820       |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**18. Trade and non-trade receivables (continued)**

Included in non-trade receivables as at 31 December 2021 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 and penalties totalling RM17,665,014 as disclosed in Note 23 (ii) to the financial statements. This payment was fully refunded to the Group during the current financial year.

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 14 to 90 days (2021: 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:

| <b>Group</b>                             | <b>Trade<br/>receivables<br/>RM</b> | <b>Non-trade<br/>receivables<br/>RM</b> | <b>Total<br/>RM</b> |
|--|-------------------------------------|---|---------------------|
| At 1 January 2021                        | 2,043,959                           | 1,137,554                               | 3,181,513           |
| Reversal for the financial year (Note 6) | (91,973)                            | (190,000)                               | (281,973)           |
| At 31 December 2021                      | 1,951,986                           | 947,554                                 | 2,899,540           |
| Write off during the financial year      | -                                   | (55,500)                                | (55,500)            |
| Reversal for the financial year (Note 6) | (167,233)                           | (833)                                   | (168,066)           |
| At 31 December 2022                      | 1,784,753                           | 891,221                                 | 2,675,974           |

| <b>Company</b>                         | <b>Non-trade<br/>receivables<br/>RM</b> | <b>Amounts due<br/>from<br/>subsidiary<br/>companies<br/>RM</b> | <b>Total<br/>RM</b> |
|--|---|---|---------------------|
| At 1 January 2021                      | 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         |
| Reversal for the financial year        | -                                       | (66,885,332)  | (66,885,332)        |
| At 31 December 2022                    | 15,854                                  | 95,939,063  | 95,954,917          |

The reversal of impairment of amounts due from subsidiary companies during the year of RM66,885,332 is due to the debt reassignment arrangement made between the Company and its subsidiary companies to offset the amounts due to and from the companies within the Group.

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 26 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**19. Cash and cash equivalents**

|                                   | Group              |                  | Company            |                  |
|-----------------------------------|--------------------|------------------|--------------------|------------------|
|                                   | 2022<br>RM         | 2021<br>RM       | 2022<br>RM         | 2021<br>RM       |
| Cash in hand                      | 35,259             | 4,750            | 2,500              | 2,500            |
| Cash at banks                     | 1,195,409          | 639,714          | 35,455             | 269              |
| Cash and bank balances            | 1,230,668          | 644,464          | 37,955             | 2,769            |
| Less: Bank overdraft<br>(Note 22) | (3,210,220)        | (793,882)        | (3,210,220)        | (793,882)        |
| <b>Cash and cash equivalents</b>  | <b>(1,979,552)</b> | <b>(149,418)</b> | <b>(3,172,265)</b> | <b>(791,113)</b> |

**20. Share capital**

| Issued and fully paid:<br>Ordinary shares | Group/Company<br>Share capital |             |
|---|--------------------------------|-------------|
|   | Unit                           | RM          |
| At 1 January 2021                         | 206,756,497                    | 206,756,497 |
| Issuance of shares                        | 41,350,000                     | 3,841,415   |
| At 31 December 2021/31 December 2022      | 248,106,497                    | 210,597,912 |

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

**21. 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.

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

## 22. Loans and borrowings

|   | Group            |                | Company          |                |
|---|------------------|----------------|------------------|----------------|
|   | 2022<br>RM       | 2021<br>RM     | 2022<br>RM       | 2021<br>RM     |
| <b>Non-current</b>                                |                  |                |                  |                |
| Hire purchase payables                            | -                | 13,972         | -                | -              |
| <b>Current</b>                                    |                  |                |                  |                |
| Bank overdraft (Note 19)                          | 3,210,220        | 793,882        | 3,210,220        | 793,882        |
| Hire purchase payables                            | -                | 91,403         | -                | -              |
|   | <u>3,210,220</u> | <u>885,285</u> | <u>3,210,220</u> | <u>793,882</u> |
| <b>Total loans and borrowings</b>                 |                  |                |                  |                |
| Bank overdraft                                    | 3,210,220        | 793,882        | 3,210,220        | 793,882        |
| Hire purchase payables                            | -                | 105,375        | -                | -              |
|   | <u>3,210,220</u> | <u>899,257</u> | <u>3,210,220</u> | <u>793,882</u> |
|   |                  |                |                  |                |
|   | Group            |                | Company          |                |
|   | 2022<br>RM       | 2021<br>RM     | 2022<br>RM       | 2021<br>RM     |
| <b>Maturity structure of loans and borrowings</b> |                  |                |                  |                |
| Within one year                                   | 3,210,220        | 885,285        | 3,210,220        | 793,882        |
| Between one to two years                          | -                | 13,972         | -                | -              |
|   | <u>3,210,220</u> | <u>899,257</u> | <u>3,210,220</u> | <u>793,882</u> |

The interest rate structures are as follows:

|                       | Nominal interest rate |             | Effective interest rate |             |
|-----------------------|-----------------------|-------------|-------------------------|-------------|
|                       | 2022                  | 2021        | 2022                    | 2021        |
| Hire purchase payable | -                     | 2.42%-3.30% | -                       | 4.55%-6.18% |
| Bank overdraft        | FDR+0.60%             | FDR+0.60%   | 2.45%                   | 3.02%       |

## (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 2022 is RM3,500,000 (2021: RM1,000,000).

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

22. **Loans and borrowings** (continued)(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       |             |
|---|-------------|-------------|
|   | 2022<br>RM  | 2021<br>RM  |
| Minimum hire purchase payments:             |             |             |
| Repayable within one year                   | -           | 97,873      |
| Repayable between one to two years          | -           | 14,237      |
|   | <hr/>       | <hr/>       |
| Total future minimum hire purchase payments | -           | 112,110     |
| Less: Future finance charges                | -           | (6,735)     |
|   | <hr/>       | <hr/>       |
| Present value of hire purchase liabilities  | -           | 105,375     |
|   | <hr/> <hr/> | <hr/> <hr/> |
| Repayable within one year                   | -           | 91,403      |
| Repayable between one to two years          | -           | 13,972      |
|   | <hr/>       | <hr/>       |
|   | -           | 105,375     |
|   | <hr/> <hr/> | <hr/> <hr/> |
| Representing:                               |             |             |
| Current                                     | -           | 91,403      |
| Non-current                                 | -           | 13,972      |
|   | <hr/>       | <hr/>       |
|   | -           | 105,375     |
|   | <hr/> <hr/> | <hr/> <hr/> |

23. **Trade and non-trade payables**

|                           | Group       |             | Company     |             |
|---------------------------|-------------|-------------|-------------|-------------|
|                           | 2022<br>RM  | 2021<br>RM  | 2022<br>RM  | 2021<br>RM  |
| <b>Trade payables</b>     |             |             |             |             |
| Third parties             | 692         | 4,873,365   | -           | -           |
| Related parties           | 6,222,636   | -           | -           | -           |
|                           | <hr/>       | <hr/>       | <hr/>       | <hr/>       |
|                           | 6,223,328   | 4,873,365   | -           | -           |
|                           | <hr/>       | <hr/>       | <hr/>       | <hr/>       |
| <b>Non-trade payables</b> |             |             |             |             |
| Other payables            |             |             |             |             |
| - Related party           | 4,164,106   | 311,857     | 3,000,000   | 202,500     |
| - Third parties           | 5,271,511   | 8,802,650   | 519,255     | 419,688     |
| Accruals                  | 1,325,195   | 1,120,325   | 559,470     | 484,365     |
| Deposits received         | 8,650       | 4,050       | -           | -           |
| Provision                 | 4,537,594   | 4,537,594   | -           | -           |
|                           | <hr/>       | <hr/>       | <hr/>       | <hr/>       |
|                           | 15,307,056  | 14,776,476  | 4,078,725   | 1,106,553   |
|                           | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

## NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

## 23. Trade and non-trade payables (continued)

|   | Group             |                   | Company          |                   |
|---|-------------------|-------------------|------------------|-------------------|
|   | 2022<br>RM        | 2021<br>RM        | 2022<br>RM       | 2021<br>RM        |
| Amounts due to Directors                  | 350,000           | -                 | -                | -                 |
| Amount due to non-controlling interest    | 442,637           | 442,537           | -                | -                 |
| Amounts due to subsidiary companies       | -                 | -                 | -                | 71,268,611        |
| <b>Contract liabilities</b>               | -                 | 280,845           | -                | -                 |
| <b>Total trade and non-trade payables</b> | <u>22,323,021</u> | <u>20,373,223</u> | <u>4,078,725</u> | <u>72,375,164</u> |

Contract asset/(liabilities)

|  | Group             |                  |
|--|-------------------|------------------|
|  | 2022<br>RM        | 2021<br>RM       |
| Cost incurred on uncompleted contracts | 19,797,945        | 6,561,213        |
| Add: Estimated attributable profits    | 4,127,225         | 525,114          |
|  | <u>23,925,170</u> | <u>7,086,327</u> |
| Less: Progress billings                | (23,513,529)      | (7,251,328)      |
| Contract asset/(liabilities), net      | <u>411,641</u>    | <u>(165,001)</u> |
| Gross amounts before offsetting:       |                   |                  |
| Contract asset (Note 18)               | 411,641           | 115,844          |
| Contract liabilities                   | -                 | (280,845)        |
|  | <u>411,641</u>    | <u>(165,001)</u> |

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2021: 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 RM3,000,000 (2021:RM202,500).

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**23. Trade and non-trade payables (continued)**

Included within the Group's third parties other payable are amounts due to an ex-director of the Group of RM652,685 (2021: RM652,685). The ex-director is currently taking legal action to recover this amount as disclosed in Note 29.

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.

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

- (i) Amount payable to Royal Malaysian Customs Department ("RMCD") of RM3,064,340 (2021: 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.

Subsequent to the year end, on 19 April 2023, RMCD accepted the appeal by the Group and cancelled the RM3,594,340 GST liability imposed on the proceeds for the sale of land, and therefore this liability will be written back in the next financial year ending 31 December 2023.

- (ii) An amount payable to Inland Revenue Board ("IRB") of RMNil (2021: 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 RMNil (2021: 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 RMNil (2021: 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 successfully appealed a reduction in tax payable including penalties, from RM17,665,014 initially to RM793,000, resulting in a reversal of provision of tax expenses of RM14,061,441 and penalty of RM2,810,573.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**23. Trade and non-trade payables (continued)**

- (iii) An amount payable to Lembaga Perumahan dan Hartanah Selangor (“LPHS”) of RM4,537,594 (2021: RM4,537,594) for the waiver of Bumiputera quota on certain units of a development project completed in 2012. As at 31 December 2022, 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 2022. 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.

Subsequent to the year end, in March 2023, the developer namely, Purplestar Land (M) Sdn. Bhd. wrote to LPHS to request for waiver of this amount, however no response has yet been received from LPHS as at the date of approval of these financial statements.

**24. Taxation**

|  | Group             |                   | Company        |                  |
|--|-------------------|-------------------|----------------|------------------|
|  | 2022<br>RM        | 2021<br>RM        | 2022<br>RM     | 2021<br>RM       |
| As at 1 January                                |                   |                   |                |                  |
| Tax recoverable                                | (486,407)         | (1,290,066)       | (132,000)      | (132,000)        |
| Tax payable (Note 23 (ii))                     | 14,543,749        | 14,250,388        | 293,625        | -                |
|  | <u>14,057,342</u> | <u>12,960,322</u> | <u>161,625</u> | <u>(132,000)</u> |
| Current taxation (Note 12)                     | 11,887            | -                 | -              | -                |
| (Over)/Under provision in prior year (Note 12) | (14,459,572)      | 698,050           | -              | 293,625          |
| Tax paid                                       | (189,772)         | -                 | -              | -                |
| Tax refunded                                   | 821,467           | 398,970           | 131,576        | -                |
| As at 31 December                              | <u>241,352</u>    | <u>14,057,342</u> | <u>293,201</u> | <u>161,625</u>   |

**25. 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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**25. Significant related party transactions****(b) Related party's transaction**

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

| <b>Group</b>  | <b>2022</b>   | <b>2021</b>      |
|---|---------------|------------------|
| <b>Type of transaction/Name of related party</b>                      | <b>RM</b>     | <b>RM</b>        |
| <u>Entity under common control</u>                                    |               |                  |
| Contract revenue  |               |                  |
| Infraharta Sdn Bhd  | 4,962,516     | -                |
| Wijaya Daya Sdn Bhd   | 15,296,666    | 2,686,327        |
| Contract cost   |               |                  |
| Nation Edge Sdn Bhd   | 609,882       | -                |
| Wijaya Daya Sdn Bhd   | 3,717,321     | 1,932,191        |
| <u>With a Director/Persons connected to a Director of the Company</u> |               |                  |
| Advances received   | 3,350,000     | 3,000,000        |
| Advances received from spouse of Director                             | -             | 557,500          |
| Repayment of advance  | -             | (3,000,000)      |
| Repayment of advance to spouse of Director                            | (202,500)     | (355,000)        |
| <b>Company</b>  |               |                  |
| <u>With a Director/Persons connected to a Director of the Company</u> |               |                  |
| Advances received   | -             | 557,500          |
| Repayment of advance  | (202,500)     | (355,000)        |
| <u>With subsidiary companies</u>                                      |               |                  |
| Impairment on amounts due from subsidiaries                           |               |                  |
| Antara Megah Sdn Bhd  | 4,922         | 8,475            |
| Bertam Development Sdn Bhd  | -             | 941,103          |
| Bertam Minetech Sdn Bhd   | 4,977         | 6,052            |
| Dataran Serimaju Sdn Bhd  | 4,009         | 5,846            |
| Dove Industries Sdn Bhd   | 4,264         | 5,890            |
| Gunung Jaya Sdn Bhd   | 3,981         | 6,925            |
| Legacy Mega Development Sdn Bhd                                       | 8,065         | 5,856            |
| MV Properties Sdn Bhd   | -             | 1,679,858        |
| Sunrise Teamtrade Sdn Bhd   | 5,210         | 58,057           |
| SKB Pinang Sdn Bhd  | -             | 4,716            |
| Sumbang Merah Sdn Bhd   | -             | 3,877            |
| Suria Pertiwi Sdn Bhd   | 7,910         | 4,584            |
| Trans Prestasi Sdn Bhd  | 5,217         | 4,907            |
| U.H. Trading (Johore) Sdn Bhd   | 5,487         | 4,682            |
| U.H. Trading (Melaka) Sdn Bhd   | 5,270         | 4,712            |
| UH Capital Sdn Bhd  | 24,982        | 5,142            |
| UH Industries & Development Sdn Bhd                                   | -             | 5,390            |
| Wow Land Sdn Bhd  | 10,770        | 41,772           |
|   | <u>95,064</u> | <u>2,797,844</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

25. **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<br>Type of transaction/Name of related party | Transaction value   |                  |
|--|---------------------|------------------|
|  | 2022<br>RM          | 2021<br>RM       |
| <u>With subsidiary companies</u>                     |                     |                  |
| Reversal of impairment                               |                     |                  |
| Bertam Development Sdn Bhd                           | 55,196,932          | -                |
| MV Properties Sdn Bhd                                | 3,285,269           | -                |
| SKB Pinang Sdn Bhd                                   | 2,151               | -                |
| Sumbang Merah Sdn Bhd                                | 1,074               | -                |
| UH Industries & Development Sdn Bhd                  | 8,494,970           | -                |
|  | <u>66,980,396</u>   | <u>-</u>         |
| Total (reversal)/charge of impairment                | <u>(66,885,332)</u> | <u>2,797,844</u> |
| Debt reassignment                                    |                     |                  |
| Syarikat Sungei Buan Sdn Bhd                         | 57,091,851          | -                |
| Budaya Identiti Sdn Bhd                              | 7,709,902           | -                |
| Tabur Bakti Sdn. Bhd.                                | 34,180              | -                |
| Budi Halus Sdn Bhd                                   | 6,085,563           | -                |
| UH Trading (K.L.) Sdn. Bhd.                          | 792,677             | -                |
|  | <u>71,714,173</u>   | <u>-</u>         |
| UH Industries & Development Sdn. Bhd.                | (8,502,579)         | -                |
| Bertam Development Sdn Bhd                           | (58,371,640)        | -                |
| MV Properties Sdn Bhd                                | (4,839,954)         | -                |
|  | <u>(71,714,173)</u> | <u>-</u>         |
| Advances received                                    |                     |                  |
| Bertam Development Sdn Bhd                           | -                   | 139,970          |
| MV Properties Sdn Bhd                                | -                   | 140,737          |
| UH Trading (K.L.) Sdn. Bhd.                          | 467,493             | -                |
| Payment on behalf                                    |                     |                  |
| Bertam Development Sdn Bhd                           | 3,174,708           | 1,186,072        |
| MV Properties Sdn Bhd                                | 1,554,684           | 1,820,595        |
| Sunrise Avenue Sdn Bhd                               | 9,900               | 16,515           |
| Sunrise Teamtrade Sdn Bhd                            | 5,210               | 58,057           |
| Sepakat Heights Sdn Bhd                              | 8,400               | 18,327           |
| U.H. Trading (K.L.) Sdn Bhd                          | -                   | 20,020           |
| UH Capital Sdn Bhd                                   | 24,982              | 5,142            |
| Wow Land Sdn Bhd                                     | 10,770              | 41,773           |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

25. **Significant related party transactions** (continued)

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

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2022<br>RM     | 2021<br>RM     | 2022<br>RM     | 2021<br>RM     |
| Short-term employee benefits  | 176,000        | 516,567        | 176,000        | 516,567        |
| Contributions to defined contribution plan  | -              | 37,200         | -              | 37,200         |
|   | <u>176,000</u> | <u>553,767</u> | <u>176,000</u> | <u>553,767</u> |
| Included in the key management personnel are:<br>Directors' remuneration (Note 9) | <u>176,000</u> | <u>553,767</u> | <u>176,000</u> | <u>553,767</u> |

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.

26. **Financial instruments**

- (a)
- Categories of financial instruments**

| Group  | 2022<br>RM        | 2021<br>RM        |
|--|-------------------|-------------------|
| <b>Financial assets</b>                          |                   |                   |
| Financial assets measured at amortised cost      |                   |                   |
| Trade and non-trade receivables                  | 6,991,834         | 2,261,597         |
| Cash and bank balances                           | 1,230,668         | 644,464           |
|  | <u>8,222,502</u>  | <u>2,906,061</u>  |
| <b>Financial liabilities</b>                     |                   |                   |
| Financial liabilities measured at amortised cost |                   |                   |
| Trade and non-trade payables                     | 17,785,427        | 15,554,784        |
| Loans and borrowings                             | 3,210,220         | 899,257           |
|  | <u>20,995,647</u> | <u>16,454,041</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

26. **Financial instruments** (continued)(a) **Categories of financial instruments** (continued)

| Company  | 2022<br>RM | 2021<br>RM |
|--|------------|------------|
| <b>Financial assets</b>                          |            |            |
| Financial assets measured at amortised cost      |            |            |
| Trade and non-trade receivables                  | 180,806    | 178,820    |
| Cash and bank balances                           | 37,955     | 2,769      |
|  | 218,761    | 181,589    |
| <b>Financial liabilities</b>                     |            |            |
| Financial liabilities measured at amortised cost |            |            |
| Trade and non-trade payables                     | 4,078,725  | 72,375,164 |
| Loan and borrowings                              | 3,210,220  | 793,882    |
|  | 7,288,945  | 73,169,046 |

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    |            |
|--|------------|------------|------------|------------|
|  | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| <b>Trade and non-trade receivables</b>                         |            |            |            |            |
| As reflected in the statements of financial position (Note 18) |            |            |            |            |
| As reflected in the statements of financial position (Note 18) | 7,452,366  | 2,426,157  | 180,806    | 178,820    |
| Less: Contract assets  | (411,641)  | (115,844)  | -          | -          |
| Less: Prepayments  | (48,891)   | (48,716)   | -          | -          |
|  | 6,991,834  | 2,261,597  | 180,806    | 178,820    |

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    |            |
|--|-------------|-------------|------------|------------|
|  | 2022<br>RM  | 2021<br>RM  | 2022<br>RM | 2021<br>RM |
| <b>Trade and non-trade payables</b>                            |             |             |            |            |
| As reflected in the statements of financial position (Note 23) |             |             |            |            |
| As reflected in the statements of financial position (Note 23) | 22,323,021  | 20,373,223  | 4,078,725  | 72,375,164 |
| Less: Provision  | (4,537,594) | (4,537,594) | -          | -          |
| Less: Contract liabilities                                     | -           | (280,845)   | -          | -          |
|  | 17,785,427  | 15,554,784  | 4,078,725  | 72,375,164 |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

26. **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 2022

26. **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:

|                          | <b>Gross<br/>amount<br/>RM</b> | <b>Expected<br/>credit loss<br/>RM</b> | <b>Carrying<br/>amount<br/>RM</b> |
|--------------------------|--------------------------------|--|-----------------------------------|
| <b>2022</b>              |                                |  |                                   |
| Not past due             | 4,651,448                      | (320,813)                              | 4,330,635                         |
| Past due:                |                                |  |                                   |
| - Less than 30 days      | 8,529                          | (938)                                  | 7,591                             |
| - Between 31 to 60 days  | 1,400,299                      | (108,576)                              | 1,291,723                         |
| - Between 61 to 90 days  | -                              | -                                      | -                                 |
| - Between 91 to 120 days | -                              | -                                      | -                                 |
| - More than 120 days     | 1,354,426                      | (1,354,426)                            | -                                 |
|                          | <u>2,763,254</u>               | <u>(1,463,940)</u>                     | <u>1,299,314</u>                  |
|                          | <u>7,414,702</u>               | <u>(1,784,753)</u>                     | <u>5,629,949</u>                  |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

26. **Financial instruments** (continued)(b) **Financial risk management** (continued)(i) **Credit risk** (continued)**Trade receivables** (continued)

| 2021                     | Gross<br>amount<br>RM | Expected<br>credit loss<br>RM | Carrying<br>amount<br>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                   |
|                          | 1,963,203             | (1,925,675)                   | 37,528                   |
|                          | <u>2,077,670</u>      | <u>(1,951,986)</u>            | <u>125,684</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.

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

26. **Financial instruments** (continued)(b) **Financial risk management** (continued)(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):

| <b>Group</b>                 | <b>Carrying amount</b> | <b>Contractual undiscounted cash flows</b> | <b>Within 1 year</b> | <b>1 – 5 years</b> | <b>Over 5 years</b> |
|------------------------------|------------------------|--|----------------------|--------------------|---------------------|
|                              | <b>RM</b>              | <b>RM</b>                                  | <b>RM</b>            | <b>RM</b>          | <b>RM</b>           |
| <b>2022</b>                  |                        |  |                      |                    |                     |
| Trade and non-trade payables | 17,785,427             | 17,785,427                                 | 17,785,427           | -                  | -                   |
| Loans and borrowings         | 3,210,220              | 3,210,220                                  | 3,210,220            | -                  | -                   |
|                              | <u>20,995,647</u>      | <u>20,995,647</u>                          | <u>20,995,647</u>    | <u>-</u>           | <u>-</u>            |
| <b>2021</b>                  |                        |  |                      |                    |                     |
| 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             | -                   |
|                              | <u>16,454,041</u>      | <u>16,460,776</u>                          | <u>16,446,539</u>    | <u>14,237</u>      | <u>-</u>            |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

26. **Financial instruments** (continued)(b) **Financial risk management** (continued)(ii) **Liquidity risk** (continued)

| Company                      | Carrying amount<br>RM | Contractual undiscouted cash flows<br>RM | Within 1 year<br>RM | 1 – 5 years<br>RM | Over 5 years<br>RM |
|------------------------------|-----------------------|--|---------------------|-------------------|--------------------|
| <b>2022</b>                  |                       |  |                     |                   |                    |
| Trade and non-trade payables | 4,078,725             | 4,078,725                                | 4,078,725           | -                 | -                  |
| Loans and borrowings         | 3,210,220             | 3,210,220                                | 3,210,220           | -                 | -                  |
|                              | <u>7,288,945</u>      | <u>7,288,945</u>                         | <u>7,288,945</u>    | <u>-</u>          | <u>-</u>           |
| <b>2021</b>                  |                       |  |                     |                   |                    |
| Trade and non-trade payables | 72,375,164            | 72,375,164                               | 72,375,164          | -                 | -                  |
| Loans and borrowings         | 793,882               | 793,882                                  | 793,882             | -                 | -                  |
|                              | <u>73,169,046</u>     | <u>73,169,046</u>                        | <u>73,169,046</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.

27. **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 2022

**27. Capital management (continued)**

|                                 | Group       |             | Company     |              |
|---------------------------------|-------------|-------------|-------------|--------------|
|                                 | 2022<br>RM  | 2021<br>RM  | 2022<br>RM  | 2021<br>RM   |
| Loans and borrowings            | 3,210,220   | 899,257     | 3,210,220   | 793,882      |
| Less: Cash and bank<br>balances | 1,230,668   | 644,464     | 37,955      | 2,769        |
| Net debt                        | 1,979,552   | 254,793     | 3,172,265   | 791,113      |
| Total equity                    | 131,278,763 | 115,970,102 | (7,302,168) | (72,995,873) |
| <b>Gearing ratio</b>            | 0.015       | 0.002       | -           | -            |

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.

**28. 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 2022

## 28. Segment information (continued)

## (i) Operating segment (continued)

| 2022  | Property<br>development<br>RM | Construction<br>and trading of<br>building<br>material<br>RM | Corporate<br>and others<br>RM | Per<br>consolidated<br>financial<br>statements<br>RM |
|---|-------------------------------|--|-------------------------------|--|
| <b>Revenue</b>  |                               |  |                               |  |
| External customer   |                               |  |                               |  |
| - Related parties   | -                             | 20,259,181   | -                             | 20,259,181   |
| - Third parties   | -                             | 1,347,199  | -                             | 1,347,199  |
| <b>Total revenue</b>  | -                             | 21,606,380   | -                             | 21,606,380   |
| <b>Results</b>  |                               |  |                               |  |
| Depreciation and amortisation                                 | -                             | (89,172)   | (91,992)                      | (181,164)  |
| Reversal of impairment loss on<br>trade and other receivables | 168,066                       | -  | -                             | 168,066  |
| Finance costs   | (6,734)                       | -  | (48,642)                      | (55,376)   |
| <b>Segment profit/(loss) before tax</b>                       | 288,146                       | 1,764,456  | (1,191,626)                   | 860,976  |
| <b>Assets and liabilities</b>                                 |                               |  |                               |  |
| Additions to non-current assets                               | 322,185                       | -  | -                             | 322,185  |
| <b>Segment assets</b>   | 147,837,396                   | 9,069,968  | 145,992                       | 157,053,356  |
| <b>Segment liabilities</b>                                    | 12,366,349                    | 5,826,095  | 7,582,149                     | 25,774,593   |
| <b>2021</b>   |                               |  |                               |  |
| <b>Revenue</b>  |                               |  |                               |  |
| External customer   |                               |  |                               |  |
| - Related party   | -                             | 2,686,327  | -                             | 2,686,327  |
| - Third parties   | -                             | 819,768  | -                             | 819,768  |
| <b>Total revenue</b>  | -                             | 3,506,095  | -                             | 3,506,095  |
| <b>Results</b>  |                               |  |                               |  |
| Depreciation and amortisation                                 | -                             | (69,641)   | (96,816)                      | (166,457)  |
| Impairment loss on land held<br>for property development      | (2,348,210)                   | -  | -                             | (2,348,210)  |
| Reversal of impairment loss on<br>trade and other receivables | 281,973                       | -  | -                             | 281,973  |
| Finance costs   | (40,024)                      | -  | (167)                         | (40,191)   |
| <b>Segment loss before tax</b>                                | (367,808)                     | (2,390,640)  | (1,369,913)                   | (4,128,361)  |
| <b>Assets and liabilities</b>                                 |                               |  |                               |  |
| Additions to non-current assets                               | 63,293                        | -  | -                             | 63,293   |
| <b>Segment assets</b>   | 145,664,741                   | 5,416,070  | 219,113                       | 151,299,924  |
| <b>Segment liabilities</b>                                    | 32,846,807                    | 420,955  | 2,062,060                     | 35,329,822   |

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**28. 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:

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2022</b>  | <b>2021</b> |
|  | <b>RM</b>    | <b>RM</b>   |
| Furniture, fittings, office equipment<br>and signboard | 74,681       | 56,243      |
| Plant and machinery                                    | 96,490       | -           |
| Renovation   | 18,000       | 6,800       |
| Tools equipment  | 133,014      | 250         |
|  | 322,185      | 63,293      |
|  | 322,185      | 63,293      |

**(ii) Geographical information**

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

**(iii) Major customers**

Revenue from 4 (2021: 1) major customers amounted to RM21,028,911 (2021: RM2,686,327) accounting for 97% (2021: 77%) of total revenue.

**29. 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 23 (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 was decided in favour of LSHSB and the Group is in process to file an appeal against the decision of the Court.

For the HYSB suit, a summary judgement has been granted in favour of HYSB and the counterclaim by the Group has been struck out. The Group has appealed to the High Court against the said decision. The hearing of the appeal of the case is fixed for 10 May 2023.

The application to consolidate these two cases, i.e., LSHSB and HYSB, to be tried as one was not allowed as the two cases was heard in different courts with different result.

**NOTES TO THE FINANCIAL STATEMENTS**

AT 31 DECEMBER 2022

**30. 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. On 17 February 2023, the Board proposed to undertake a share capital reduction pursuant to Section 116 of the Companies Act 2016 as part of its proposed regularisation plan. As at the reporting date, the regularisation plan is pending approval from the regulatory authorities.

**(ii) New project awarded to subsidiaries**

In March 2023, the Group accepted the building and infrastructure works for a hotel block in Kota Kinabalu, Sabah, on a sub-contract basis for RM82,000,000. This project is expected to commence work in May 2023 and to be completed over the next two years.

## LIST OF PROPERTIES

On our Group's property development segment, our Group's lands held for property development are located in the Districts of Kota Kinabalu, Tuaran and Penampang in Sabah, as set out below:

| Land title no.  | Location | District      | Land area (acres) | (Audited)<br>Net book value as at<br>31 December 2022<br>(RM'000) |
|---|----------|---------------|-------------------|---|
| CL. 045021458   | Telipok  | Tuaran        | 15.24             | 27,897  |
| CL. 045144205   |          |               | 1.04              |   |
| CL. 045021449   |          |               | 16.77             |   |
| CL. 015151005   | Luyang   | Kota Kinabalu | 2.75              | 23,241  |
| CL. 215465802 (Lot G)   | Kepayan  | Penampang     | 4.22              | 15,520  |
| CL. 215494198 (Lot A)   | Kepayan  |               | 22.94             | 50,370  |
| NT.213021526 (D.213205246),<br>NT.213021535 (D.213205237),<br>NT.213021544 (D.213205200),<br>NT.213021562,<br>NT.213021553,<br>NT.213021580,<br>NT. 213021571 (Lot B) | Kepayan  |               | 9.87              | 30,899  |

## ANALYSIS OF SHAREHOLDINGS AS AT 28 MARCH 2023

### 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

| Size of Holding                         | No. of shareholders | % of shareholders | No. of Shares      | % of shares    |
|---|---------------------|-------------------|--------------------|----------------|
| 1 – 99                                  | 17                  | 1.529             | 773                | 0.000          |
| 100 - 1,000                             | 293                 | 26.349            | 251,824            | 0.101          |
| 1,001 - 10,000                          | 432                 | 38.849            | 2,222,228          | 0.896          |
| 10,001 - 100,000                        | 264                 | 23.741            | 10,688,900         | 4.308          |
| 100,001 - Less than 5% of Issued Shares | 103                 | 9.263             | 155,622,472        | 62.724         |
| 5% and above of Issued Shares           | 3                   | 0.269             | 79,320,300         | 31.970         |
| <b>Total</b>                            | <b>1,112</b>        | <b>100.000</b>    | <b>248,106,497</b> | <b>100.000</b> |

### DIRECTORS' SHAREHOLDINGS

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

| No. | Name of Director                 | No. of Shares held |      | No. of Shares held |   |
|-----|----------------------------------|--------------------|------|--------------------|---|
|     |                                  | Direct             | %    | Indirect           | % |
| 1   | Koo Jenn Man                     | 393,500            | 0.16 | -                  | - |
| 2   | Liew Chee Keong                  |                    |      |                    |   |
| 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  | 32,342,500         | 13.04 | -                  | - |
| 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 AS AT 28 MARCH 2023

### LIST OF TOP 30 LARGEST SHAREHOLDERS

(According to the Record of Depository as at 28 March 2023)

| No. | Name of Shareholders   | No. of Shares | Percentage (%) |
|-----|--|---------------|----------------|
| 1   | SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR LIM NYUK FOH                     | 32,342,500    | 13.036         |
| 2   | KENANGA NOMINEES (ASING) SDN BHD<br>LIU, SHENGHUI  | 28,920,000    | 11.656         |
| 3   | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD<br>(CLIENTS' ACCOUNT)   | 18,057,800    | 7.278          |
| 4   | LIM POH CHOO   | 12,387,400    | 4.993          |
| 5   | AKAS PERMAI SDN BHD  | 12,131,400    | 4.890          |
| 6   | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>CHIN CHEE KAN (8117641)   | 12,122,300    | 4.886          |
| 7   | LIM NYUK SANG @ FREDDY LIM   | 10,183,700    | 4.105          |
| 8   | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>CHUA PENG BOON @ CHOY AH MUN (8118880)                              | 9,158,600     | 3.691          |
| 9   | SABAH DEVELOPMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR TUNG FONG HOTEL<br>(SDK) SDN BHD | 7,100,000     | 2.861          |
| 10  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>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  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>CHUA SEONG KHEONG   | 5,802,200     | 2.339          |
| 14  | CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR<br>BANK OF SINGAPORE LIMITED (FOREIGN)                          | 5,338,800     | 2.152          |
| 15  | TRADEMA HOLDINGS SDN.BHD.  | 4,181,000     | 1.685          |

## ANALYSIS OF SHAREHOLDINGS AS AT 28 MARCH 2023

### LIST OF TOP 30 LARGEST SHAREHOLDERS (CONT'D) (According to the Record of Depository as at 28 March 2023)

| No. | Name of Shareholders   | No. of Shares | Percentage (%) |
|-----|--|---------------|----------------|
| 16  | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEGDED SECURITIES ACCOUNT FOR CLASSICAL GLORY<br>SDN. BHD. (M01) | 3,689,000     | 1.487          |
| 17  | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)                       | 3,250,000     | 1.310          |
| 18  | CHIN FUN MING  | 3,212,200     | 1.300          |
| 19  | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR CHONG MEE FAH @<br>FREDERICK CHONG       | 3,050,900     | 1.230          |
| 20  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>CHUA PENG BOON @ CHOY AH MUN  | 2,753,100     | 1.110          |
| 21  | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>LEE TSIN FUI @ JAMES LEE  | 2,463,600     | 0.993          |
| 22  | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR LIM NYUK SANG @<br>FREDDY LIM (MQ 0423) | 1,985,000     | 0.800          |
| 23  | LIAU THAI MIN  | 1,765,000     | 0.711          |
| 24  | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>TAN KAR LEONG   | 1,720,000     | 0.693          |
| 25  | WEI HAN SDN BHD (TEM83339)   | 1,579,000     | 0.636          |
| 26  | TATEISHI OSAMU (TR3366720)   | 1,418,000     | 0.572          |
| 27  | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR RICHARD LING DO NYEAN (PB)                                      | 1,370,500     | 0.552          |
| 28  | MAYBANK SECURITIES NOMINEES (ASING) SDN BHD<br>MAYBANK SECURITIES PTE LTD FOR CHAN WEIZHANG<br>RAYNER          | 1,248,000     | 0.503          |
| 29  | M & A NOMINEE (TEMPATAN) SDN BHD<br>MAJESTIC SALUTE SDN BHD FOR YAHYA BIN RAZALI                               | 1,199,900     | 0.484          |
| 30  | CLASSICAL GLORY SDN BHD  | 1,189,900     | 0.480          |

# BERTAM ALLIANCE BERHAD

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

## FORM OF PROXY

|                    |  |
|--------------------|--|
| No. of Shares held |  |
| CDS Account No.    |  |

I/We \_\_\_\_\_ [Full Name in Block Letters] NRIC/ Passport / Company  
Registration No. \_\_\_\_\_ of \_\_\_\_\_

[Full Address], \_\_\_\_\_ [Email Address], \_\_\_\_\_ [Contact No.]  
being a member(s) of BERTAM ALLIANCE BERHAD, hereby appoint

|                            |  |   |
|----------------------------|--|---|
| Full Name in Block Letters |  | Proportion of shareholdings to<br>be presented<br>% |
| Email Address              |  |   |
| Full Address               |  |   |
| Contact No.                |  |   |
| And / Or                   |  |   |
| Full Name in Block Letters |  | Proportion of shareholdings to<br>be presented<br>% |
| Email Address              |  |   |
| 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-Ninth (29<sup>th</sup>) Annual General Meeting of the Company to be held at Avangio Hotel Kota Kinabalu, Jalan Metro 2, Off, Jln Lintas, Metro Town, 88300 Kota Kinabalu, Sabah on Wednesday, 21 June 2023 at 9.00 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 22 June 2023 until the conclusion of the next AGM of the Company in year 2024. | Ordinary Resolution<br>1 |     |         |
| To re-elect Mr Koo Jenn Man as Director  | Ordinary Resolution<br>2 |     |         |
| 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<br>3 |     |         |
| <b>SPECIAL BUSINESS</b>  |                          |     |         |
| Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016   | Ordinary Resolution<br>4 |     |         |

(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 \_\_\_\_\_ 2023

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

**Notes:**

1. *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 12 June 2023. 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.*
2. *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.*
3. *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.*
4. *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.*
5. *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.*
6. *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.*
7. *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, must be deposited at the Company's Share Registrar office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice of AGM will put to vote by way of poll.*

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AFFIX  
STAMP

**The Share Registrar of  
BERTAM ALLIANCE BERHAD**  
Registration No. 199401019851 (305530-A)  
**c/o Aldpro Corporate Services Sdn Bhd**  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
W.P. Kuala Lumpur

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

Lot 10, 8th Floor, Wisma Damai Point,  
Luyang, 88300 Kota Kinabalu

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