ANNUAL REPORT 2017

UNITED U-LI CORPORATION BHD.
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UNITED U-LI CORPORATION BHD.

友誼

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Wira Abdul Rahman bin Ismail
Independent
Non-Executive Director
Chairman

Tan Sri Dato' Wira Lee Yoon Wah
Group Managing Director/
Chief Executive Officer

Dato' Lee Yoon Kong
Executive Director

Teow Lai Seng
Executive Director

Shariff bin Mohd Shah
Senior Independent
Non-Executive Director

Chim Wai Khuan
Independent
Non-Executive Director

Lokman bin Mansor
Independent
Non-Executive Director

SECRETARIES

Koay Soo Ngoh
(MAICSA 0856746)

Foo Li Ling
(MAICSA 7019557)

REGISTERED OFFICE

62C Jalan SS21/62
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone: +(603) 7727 2806/ 7729 3337
Facsimile: +(603) 7729 3619

COMPANY NUMBER

510737-H

STOCK EXCHANGE LISTING

MAIN Board of Bursa Malaysia Securities Berhad
Stock code: 7133

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6 Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone: +(603) 7849 0777
Facsimile: +(603) 7841 8151/ 7841 8152
Help Desk: +(603) 7849 0777
E-mail: ssr.helpdesk@symphony.com.my

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants

AUDIT COMMITTEE

Chim Wai Khuan
Independent
Non-Executive Director
Chairman

Shariff bin Mohd Shah
Senior Independent
Non-Executive Director

Lokman bin Mansor
Independent
Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEES

Tan Sri Dato' Wira Abdul Rahman bin Ismail
Independent
Non-Executive Director
Chairman

Tan Sri Dato' Wira Lee Yoon Wah
Group Managing Director/
Chief Executive Officer

Chim Wai Khuan
Independent
Non-Executive Director

Shariff bin Mohd Shah
Senior Independent
Non-Executive Director

GROUP PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
39-45 Jalan Othman
46000 Petaling Jaya
Selangor Darul Ehsan

Hong Leong Bank Berhad
Lot 43 & 45 Jalan USJ 10/1G
Taipan Triangle
47620 Subang Jaya
Selangor Darul Ehsan

AmBank (M) Berhad
Level 18 Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

HSBC Bank Malaysia Berhad
Unit 2A & 2A-A Jalan USJ 10/18
47610 UEP Subang Jaya
Selangor Darul Ehsan

SOLICITORS

Cheang & Ariff Advocate & Solicitors
39 Court @ Loke Mansion
273A Jalan Medan Tuanku
50300 Kuala Lumpur

Tay & Helen Wong
Suite 703 Block F Phileo
Damansara 1
9 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

HEAD/MANAGEMENT OFFICE

33 Jalan Kartunis U1/47
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Telephone: +(603) 5569 5999
Facsimile: +(603) 5569 4170
E-mail: hq@uli.com.my
Website: www.uli.com.my

MANUFACTURING PLANTS

Lot PT 1481 Jalan Emas 1
Nilai Industrial Estate
71800 Nilai
Negeri Sembilan Darul Khusus

Lot 7 Jalan 6/1
Kawasan Perindustrian Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan

25 & 27 Jalan Taming Lima
Taman Taming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

Lot 5 (PT 7907) Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan

Lot 44 Jalan Cetak
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan

Branch office:

1 Jalan Seroja 54
Taman Johor Jaya
81100 Johor Bharu
Johor Darul Takzim

PRODUCTS MANUFACTURED

Cable Support Systems
Cable Management Systems
Integrated Ceiling System
Building Materials
Light Fittings

WHO WE ARE

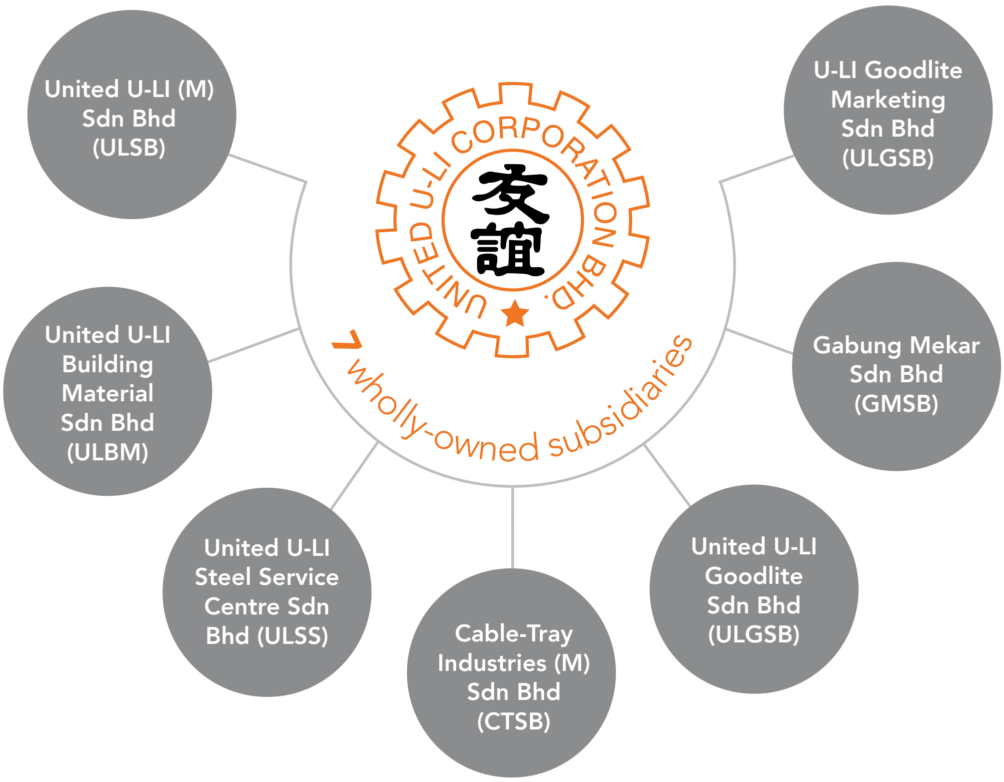
Established in 1978, UNITED U-LI CORPORATION BERHAD, (ULICORP, KLSE 7133) is an investment holding company with seven wholly-owned subsidiaries active in down stream steel products manufacturing. Its oldest subsidiary has a 30-year history operating in Malaysia. It was successfully listed on the Kuala Lumpur Stock Exchange on 23 April 2002.

The Group manufactures and distributes steel cable support systems, cable management systems, integrated ceiling systems, building materials, fluorescent light fittings and LED products.

Geographically, the Group serves the M & E sectors of domestic and regional markets (ASEAN, Middle East and Australia).

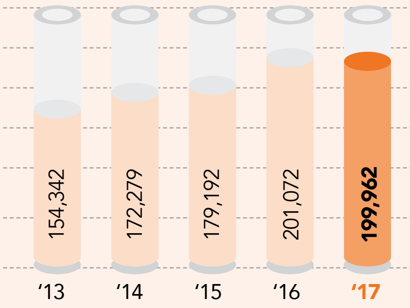
The Group operates five manufacturing sites - Seri Kembangan; Balakong; Taming Jaya; Ipoh and Nilai, with a total group steel consumption around 40,000 metric tonnes p.a.

CORPORATE GROUP **STRUCTURE**

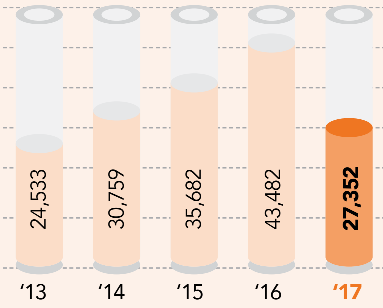


5 YEARS FINANCIAL **HIGHLIGHTS**

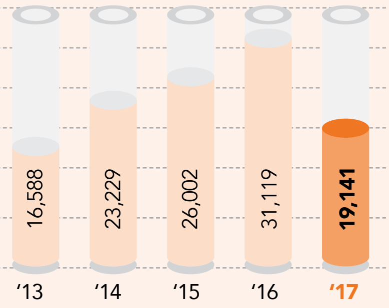
REVENUE
(RM'000)



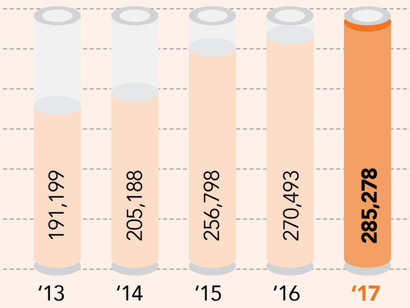
PROFIT BEFORE TAX
(RM'000)



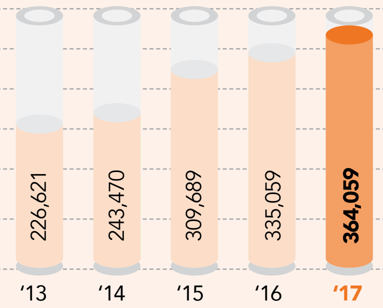
NET PROFIT
(RM'000)



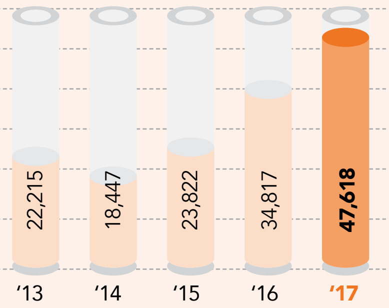
SHAREHOLDERS' EQUITY
(RM'000)



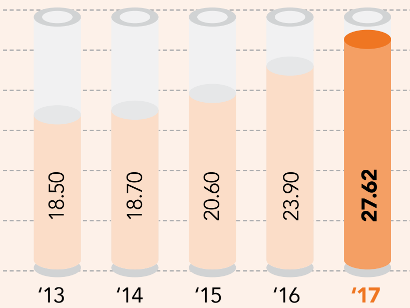
TOTAL ASSETS
(RM'000)



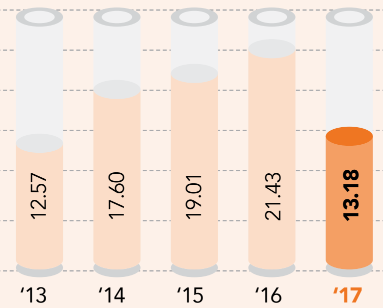
BORROWINGS
(RM'000)



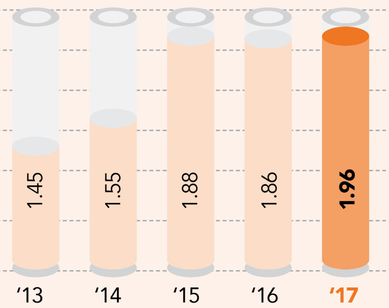
DEBT/EQUITY
(%)



EARNINGS PER SHARE
(sen)



NET ASSETS PER SHARE
(RM'000)



RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	**2017 RM'000**
Revenue	154,342	172,279	179,192	201,072	**199,962**
Profit Before Tax	24,533	30,759	35,682	43,482	**27,352**
Net Profit	16,588	23,229	26,002	31,119	**19,141**
Shareholders' Equity	191,199	205,188	256,798	270,493	**285,278**
Total Assets	226,621	243,470	309,689	335,059	**364,059**
Borrowings	22,215	18,447	23,822	34,817	**47,618**
Debt/Equity (%)	18.50	18.70	20.60	23.90	**27.62**
Earnings per share	12.57	17.60	19.01	21.43	**13.18**
Net assets per share	1.45	1.55	1.88	1.86	**1.96**

PROFILE OF DIRECTORS

TAN SRI DATO' WIRA ABDUL RAHMAN BIN ISMAIL
Chairman
Independent Non-Executive Director

Tan Sri Dato' Wira Abdul Rahman bin Ismail, 89 years old and a Malaysian male, was appointed to the Board on 21st February 2002. He also chairs the Nomination and Remuneration Committee.

He completed his secondary education at the Sultan Abdul Hamid College, Alor Star, Kedah in 1949. He served the Royal Malaysian Police Force since 1950, holding various posts until his retirement in 1985 when he was the Deputy Inspector-General of Police. During his tenure of service, he represented Malaysia in various Interpol activities and drug enforcement committees, conferences as well as seminars at the international and regional levels. From 1979 to 1982, he was elected as an Executive Committee member of Interpol and was subsequently elected as Vice-President of Interpol from 1984 to 1985. He tendered his resignation due to his retirement from the Royal Malaysian Police Force.

He sits on the Board of all the subsidiaries in the ULC Group ("the Group"). He also sits on the Board of several private limited companies. He does not have any family relationship with any Director and/or any major shareholder of the Group and has a direct interest of 9,000 shares and an indirect interest of 44,556 shares in ULC.

He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended two out of five Board meetings held by the Company during the financial year ended 31st December 2017.

TAN SRI DATO' WIRA LEE YOON WAH
Group Managing Director/Chief Executive Officer

Tan Sri Dato' Wira Lee Yoon Wah, a Malaysian male aged 59, was appointed to the Board on 21st February 2002. He is a member of the Nomination and Remuneration Committee.

He completed his secondary education in 1975 and is one of the founders of the ULC Group. He has more than 20 years experience in the electrical industry. Presently, he is in charge of the overall management and growth of the Group. He is credited for charting the growth of the Group since its inception from a small operation to the industrial concern that it is today. As the driving force behind the Group's growth, he is also responsible for the overall business development, strategic planning as well as the business and corporate development of the Group.

He sits on the Board of all the subsidiaries of the Group. He is the brother of Dato' Lee Yoon Kong – a major shareholder and Director of the Company – and has a direct interest of 4,261,848 shares and an indirect interest of 54,000,000 shares in ULC.

He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all the Board meetings held by the Company during the financial year ended 31st December 2017.

DATO' LEE YOON KONG
Executive Director

Dato' Lee Yoon Kong, a Malaysian male aged 58, was appointed to the Board on 21st February 2002. He is another founder member of the ULC Group. He holds a Diploma in Electrical Engineering. Prior to joining United U-LI (M) Sdn. Bhd., a subsidiary company of ULC, he worked as an electronics technician with Amateur Photo Store Sdn. Bhd., the local agent for Akai products in Malaysia, from 1979 to 1983. He has more than 20 years experience in the electrical industry and has contributed significantly towards the growth of the Group.

Presently, he is responsible for the technical, production and manufacturing functions of the Group. He also sits on the Board of all the subsidiaries in the Group. He is the brother of Tan Sri Dato' Wira Lee Yoon Wah – a major shareholder and Director of the Company – and has a direct interest of 3,867,246 shares and an indirect interest of 54,000,000 shares in ULC.

He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all the Board meetings held by the Company during the financial year ended 31st December 2017.

TEOW LAI SENG
Executive Director

Teow Lai Seng, a Malaysian male of 56 years, was appointed to the Board on 21st February 2002. He has more than 20 years working experience in the electrical industry.

He holds a Diploma in Electronics Engineering and worked as the technical and service technician with Amateur Photo Store Sdn. Bhd. prior to joining United U-LI (M) Sdn. Bhd., a subsidiary company of ULC, as the Factory Supervisor in 1982.

He was promoted to the post of Factory Manager in 1990 and is responsible for the management and production operations of the factory. He also sits on the Board of several subsidiary companies in the Group. He does not have any family relationship with any Director and/or any major shareholder of the Group and has a direct interest of 9,000 shares in ULC.

He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all the Board meetings held by the Company during the financial year ended 31st December 2017.

CHIM WAI KHUAN
Independent Non-Executive Director

Chim Wai Khuan, a Malaysian male aged 67, was appointed to the Board on 21st February 2002. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

He is an Accountant by training and is currently a member of the Malaysian Institute of Accountants. He has vast experience in the areas of accounting, audit, tax and corporate secretarial as well as consultancy matters, having served in various capacities both in the United Kingdom and in Malaysia from 1975 to 2000. Currently, he practices as a Corporate and Management Consultant and also manages his own audit practice under the name of WKC & Co.

He also sits on the Board of several private limited companies. He does not have any family relationship with any Director and/or any major shareholder of the Group and has a direct interest of 400,000 shares in ULC.

He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all the Board meetings held by the Company during the financial year ended 31st December 2017.

LOKMAN BIN MANSOR
Independent Non-Executive Director

Lokman bin Mansor, a 58 years old Malaysian male, was appointed to the Board on 21st February 2002. He is a member of the Audit Committee.

He graduated with a Bachelor of Architecture from the University of Adelaide in Australia in 1984. From 1981 till 1982, he was an Assistant Architect with CSL & Associates. In 1984, he joined Pakatan Reka Architects as an Assistant Architect before taking up a lecturing position with Institute Teknologi MARA in 1986. From 1987 till 1991, he was appointed as a Director of Binateras-DeG Arkitek Sdn. Bhd.

He has gained vast experience in the area of development and project management in the implementation of projects and is also well-versed in various aspects related to property investment, financing and market assessment.

He does not have any family relationship with any Director and/or any major shareholder of the Group and has a direct interest of 9,000 shares in ULC. He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all five Board meetings held by the Company during the financial year ended 31st December 2017.

SHARIFF BIN MOHD SHAH
Senior Independent Non-Executive Director

Shariff bin Mohd Shah, a 69 years old Malaysian male, was appointed to the Board on 1st October 2003. He was appointed as a member of Audit Committee, and Nomination and Remuneration Committee on 15 August 2017.

He graduated with a Bachelor of Economics (Hons.) from University Malaya. Upon graduation, he joined the government's Administrative and Diplomatic Service (PTD) in 1971 and was posted to the Government Staff Training Centre (INTAN) and then to the Ministry of Foreign Affairs (Wisma Putra). He left government service in 1975 to join Borneo Company (1975) Sdn. Bhd. as Marketing Executive until 1978.

He was a Marketing Director of the National Livestock Development Corporation between 1978 until 1981. He took up an appointment as Manager, Guthrie Malaysia Trading Corporation in 1983 and was the Senior General Manager of the company when he left in 1997. He has extensive experience in the international trading and marketing sectors.

He does not have any family relationship with any Director and/or any major shareholder of the Group and has a direct interest of 439,128 shares in ULC. He has not been convicted of any offences other than traffic offences – if any – within the past five years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year. He attended all five Board meetings held by the Company during the financial year ended 31st December 2017.

KEY SENIOR MANAGEMENT

CHOONG CHEE YEONG
Group Financial Controller

Choong Chee Yeong, a Malaysian male 44 years of age, joined the Company in May 2005. He is a member of the Risk Management Committee.

He is a member of the Malaysian Institute of Accountants. He began his career as an Audit Executive with a medium-sized audit firm before joining a light fittings manufacturer as an Assistant Accountant in June 2002. A year later, he was promoted to the post of Accountant. He has been the Group Financial Controller of United U-LI group of companies since 2005.

He does not have any family relationship with any Director and/or any major shareholder of the Group and has no conflict of interest with the Company. He has no conviction for any offences other than traffic offences – if any – within the past five years. He has never been imposed of any public sanction or penalty by any regulatory bodies.

MOHD HANIFF HASHIM
General Manager Corporate Affairs /HR

Mohd Haniff Hashim, a Malaysian male aged 57, joined the Company in March 2005. He is responsible for the corporate, management and human resource functions of the Group. He is also a member of the Risk Management, Safety and ISO Committees.

He graduated with a Bachelor of Science in Industrial Chemistry from the University of New South Wales, Sydney, Australia in 1984. Prior to joining United U-LI Group, he served in various senior management positions with the ICI Group of Companies in Malaysia and Singapore.

He does not have any family relationship with any Director and/or any major shareholder of the Group and has no conflict of interest with the Company. He has no conviction for any offences other than traffic offences – if any – within the past five years. He has never been imposed of any public sanction or penalty by any regulatory bodies.

HO CHIEN LOON
Business Development Manager

Ho Chien Loon, a Malaysian male aged 38, joined the Company in July 2000 as a Production Executive. He was appointed Technical Sales Executive in 2006 and was promoted to his current role in January 2012. He completed his Diploma in Automotive Engineering from the Federal Institute of Technology in 2000.

He does not have any family relationship with any Director and/or any major shareholder of the Group and has no conflict of interest with the Company. He has no conviction for any offences other than traffic offences – if any – within the past five years. He has never been imposed of any public sanction or penalty by any regulatory bodies.

LEE YOOK CHOO
Group Procurement Manager

Lee Yook Choo, a Malaysian female aged 56, joined the Company in March 2005. Prior to joining the United U-LI Group, she had accumulated more than 20 years experience working with a local glass manufacturer and a steel producer. She holds a Diploma in Secretarial Studies from Stamford College.

She is the younger sister of Tan Sri Dato' Wira Lee Yoon Wah and Dato' Lee Yoon Kong – Directors of the Group. She has no conflict of interest with the Company. She has no conviction for any offences other than traffic offences – if any – within the past five years. She has no public sanction or penalty imposed on her by any regulatory bodies.

MANAGEMENT DISCUSSION AND ANALYSIS

Disclaimer

This section provides the management's overview of the Group's operations and financial performance for the financial year ended 31st December 2017 (FY2017). Analytical disclosures made herein were based on available management information made available that may not have been specifically audited, and were made to the extent that these did not compromise competitively sensitive information. This section may also contain opinions and forward-looking views. As such users' discretion is advised.

Dear shareholders,

As the Malaysian economy shifted into full gear fuelled by the government's pro-growth policies and stronger domestic demand, United U-LI Corporation Berhad registered a satisfactory performance for the year under review, given the inherent industry challenges.

OVERVIEW OF GROUP'S BUSINESS & OPERATIONS

For the year under review, the Group successfully weathered the prevalent domestic and external head-winds in the Malaysian economic landscape and prevailed over intense business competition as well as market challenges. The Group's inspiring performance despite these challenges had enhanced confidence for us to continue on this positive growth trend as we aim to deliver sustainable financial results for the years to come.

It is encouraging that the Group had been achieving satisfactory progress year-on-year generated through the consistent execution of our objectives and strategies. Given that we are committed to delivering sustainable profitability and shareholders value, we are on track to deliver on our commitments through the achievement of our strategic objectives. These include:

1. To deliver long-term profitability and sustainable growth;
2. To strengthen our capacity and productivity so as to cement our position in the regional and domestic markets that have been built and sustained over the years; and
3. To promote good business ethics and corporate governance.

The Group's Cable Support Systems (CSS) division continued on its growth path when it registered an increase in its year-on-year growth performance over that of the previous financial year. This was made possible by capitalising on the opportunities abound in both government and private sector projects as well as contribution from the Group's latest factory at Nilai, Negeri Sembilan. The Light Fittings division (Lighting) had a marked improvement in its performance when weighed against that of FY2016 – an exemplary 20.7% increase.

On the export front, performance of the Group's products in regional markets did not fare as well as that of the previous corresponding period. Intense competition on the regional front caused the revenue to drop to RM27.30 million or 13.7% of total the revenue in FY2017, compared to RM40.109 million or 20.0% contribution to total revenue in FY2016.

Nevertheless, the domestic market contribution to the Group's revenue improved admirably to RM172.662 million or 86.3% of the total revenue for FY2017, compared to RM160.963 million or 80.0% contribution in FY2016. This improvement is attributable to strong demand from the dealers market. Output from the Group's latest plant in Nilai, Negeri Sembilan in the second half of the year also contributed to the delivery of better quality products to fulfil market demand.

The Group continues to benefit from demand arising from the nation's construction industry and the implementation of various government and private sector projects. In the 11th Malaysia Plan, the construction sector was highlighted as one of the few sectors in Malaysia with a positive growth outlook. The Plan forecasted that the construction sector will continue to play a pivotal role in the nation's growth plans and the ever-growing demand for a modern and efficient infrastructure ensures that the sector will continue to grow in contrast to the weakened performance of other sectors in Malaysia and globally. This situation bodes well for the Group's prospects going forward.

Towards this, the Group remains focused on augmenting its competitiveness through strategic improvements in its internal process and the delivery of quality products. These efforts enabled us to weather the difficult business environment and continue to deliver positive results.

GROUP PERFORMANCE

For the financial year under review, the Group experienced a marginal weakening of its revenue over that of the previous financial year – RM199.962 million for FY2017 compared to RM201.072 million of FY2016. Under the circumstances, the 0.55% decline in revenue is disappointing but acceptable given the challenging business environment and testing economic landscape throughout the year.

In the first half of the year, there were some disruption to our production schedule following commissioning works of the Group's latest factory at Nilai. This had impacted our performance slightly. In the second half of the year, product margins came under pressure from intense competition against the background of a slightly softening market demand.

The Group's operating costs for FY2017 experienced increases largely due to the weakening Ringgit that resulted in increased buying price for raw materials. Consequently, Profit Before Tax (PBT) for FY2017 at RM27.352 million represented a 37.1% decline when compared to the PBT of RM43.482 million in the previous financial year.

Trading profit for FY2017 at RM19.141 million fell 38.5% compared to the trading profit of RM31.119 million registered in FY2016.

Given the weakening revenue and profit during FY2017, the Earnings Per Share (EPS) that stood at 13.18 sen correspondingly declined by 38.5% weighed against the earnings of 21.43 sen per share of FY2016.

Balance Sheet

Inventories grew to RM94.850 million as compared to the figure registered for FY2016 that stood at RM54.806 million. This was due to the commissioning of the new plant in Nilai. Trade receivables for FY2017 increased by 9.9% year-on-year to RM80.361 million against FY2016's RM73.121 million.

Income

Total Cost of Sales year-on-year for FY2017 was 63.5% of total revenue - an increase of 4.4% from the 59.1% of Cost of Sales for FY2016. Administrative Expenses for FY2017 increased to RM37.751 million – a RM2.729 million rise, when compared to RM35.022 million in FY2016. Depreciation costs at RM9.906 million were substantial due to purchases of equipment for the new plant at Nilai.

The softening of the market in the final quarter of the year caused a decline in sales that rendered our inability to recover from the increase in operating costs. As such, Gross Profit regressed to 36.5% of total revenue compared to 40.9% in FY2016 – a marginal decline of 4.4% for FY2017.

Human Resource

The Group's contribution to the Human Resource Development Fund (HRDF) facilitated the knowledge enhancing and up-skilling of our employees through public courses and seminars. As in previous financial years, we continue our commitment to capacity-building and talent management to transform the Group's capacity to a higher level in human capital management.

The Group recognises that it employs a significant amount of foreign labour in its workforce who are normally engaged on three-year contracts duration. Further renewals are subject to government approvals and policy changes.

Towards the end of the year, the Group experienced a shortfall in manpower due to unforeseen delays in obtaining approvals for recruitment of new workers. As a result, we were unable to fully capitalise on the new plant's operating capacity. Moving forward, the Group has embarked and will continue its plan to increase automation, where possible.

Operations

The Group's noteworthy performance for FY2017, despite prevalent challenges in the business environment, was the result of on-going improvement initiatives in quality and efficiency that have seen several enhancements implemented throughout the production process. These include:

- **Increased automation**

  Continual efforts on automating the most labour-intensive aspects of the production process such as roll forming, spot welding, shearing and slitting. We also utilise industrial robots – especially in welding operations, to improve efficiencies.

- **Down-time reduction**

  Efficient down-time planning and the utilisation of better quality consumable parts have led to an increase in production capability.

Dividends

Within the premise of rewarding our shareholders, the Group currently does not have a dividend pay-out policy. However, we concede to our obligation as a responsible corporate citizen and we continue to honour the Group's commitment to enhance shareholders value. Towards this objectives the Group had been paying good dividends in the past four years.

For FY2017, the Board of Directors had recommended an interim dividend of 0.5 sen amounting to a pay-out of RM726,000.

SEGMENTS' PERFORMANCE

Cable Support System Division

FY2017 was a challenging period for the Cable Support System (CSS) division - the Group's business driver. Intense competition softened the market conditions in the fourth quarter (Q4) and selling prices were compromised. The commissioning of the Group's new factory in Nilai between January and June 2017 affected operating costs markedly and the weakening Ringgit increased our purchasing costs.

The flagship factory in Nilai is the latest addition to the Group's production capability. It has a fully-integrated CSS production process with a high speed powder coating line and a modern hot-dipped galvanising plant. The factory utilises piped natural gas that delivers significant cost savings and is environment-friendly. The largest factory within the Group, with a built-up area of 355,564 sq.ft., this modern facility with its new technology is poised to provide superior service as a result of the improved scale. It is envisaged to supply quality products that can enhance the Group's service delivery to our customers.

The Division's revenue for FY2017 registered RM163.677 million, a minor decline from FY2016's RM173.221 million. PBT for FY2017 was RM21.673 million compared to RM40.839 million in FY2016.

The Group is confident that the Division will maintain growth momentum as the CSS business supports the nation's construction industry – the fastest growing sector at 5.8% annual growth. The 11th Malaysia Plan presented the construction sector as continuing to play a pivotal role in the nation's growth plans. The forecasted expansion in the Malaysian construction industry bodes well for the division's potential contribution to the Group's future revenue.

Light Fittings Division

For the year under review the Light Fittings Division fared better than its performance during FY2016. Its revenue registered RM55.789 million-an 11.9% increase, when compared to FY2016's RM49.834 million. PBT for the Division almost doubled at RM6.195 million in FY2017-a 95.2% increase against RM3.174 million in FY2016. These inspiring results were due to the introduction of new products from the Goodlite factory in Ipoh and the increased demand for the OPPLE LED products.

The April 2017 opening of the OPPLE concept store at the Sunway Pyramid mall in Bandar Sunway, Selangor, contributed to increase public awareness of the OPPLE brand and provide opportunity for potential customers to preview the products' performance. The OPPLE Concept Store is located at the lower ground floor of the Mall and show cases the entire product range currently available in Malaysia. The Store is open daily.

The OPPLE sole distributorship rights secured in 2012 covers Malaysia and Brunei, and the Group has been instrumental in developing the presence of OPPLE products in these markets. The OPPLE LED products comprising lighting fixtures, light sources and professional luminaires are sold through a nationwide dealer network. OPPLE, a public-listed company, is one of the top five LED product players in China.

As the consumer LED business presents a greater potential for driving revenue, this Division is well-positioned to contribute positively to the Group's overall performance. The Group is encouraged by the potential that can be harnessed for 2018.

KEY FINANCIAL RATIOS

The key financial ratios as listed below presents the Group's positive position on all key measures on profitability, liquidity, gearing and valuation.

	FY2017	FY2016
Profitability		
Return on Equity (Net Earnings/Equity)	6.71%	11.50%
Liquidity		
Current Ratio (Current Assets/Current Liabilities)	3.31	4.00
Gearing		
Debt to Equity	0.28	0.24
Valuation		
Net Asset per Share (RM/share)	1.96	1.86

Liquidity is one of the key areas given emphasis on and the management is always focused on finding ways to further strengthen it. In FY2017, the Group invested RM29.6 million on capital expenditure for expansion that resulted in the lower Current Ratio. The Group's cash position remains healthy with RM43.3 million at the end of the financial year despite the decrease when compared to RM83.1 million in FY2016.

ASSETS

For the financial year under review, total assets of the Group stood at RM364.059 million from RM335.059 million in FY2016. This is due to the expansion in our production facility.

Inventories registered an increase at RM94.850 million from RM54.806 million in FY2016. This was to cater to increased sales orders after the full commissioning of the new factory in Nilai and to handle the government as well as private sector projects in hand.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group is mindful of its commitment to Corporate Social Responsibility (CSR) and this is done through CSR integration with its business operations.

During the financial year under review, the Group continues its on-going support for charitable organisations that are involved in disaster relief programmes. The on-going campaign to utilise re-cycled paper to reduce paper wastage continues throughout the Group's administrative offices. Energy-saving practice to switch off lights and air-conditioning when not in use continues to be emphasised and all light fittings at the head office, the administrative offices and in the factories have been replaced with LED fittings.

Conservation of the environment continues to be one of the Group's business responsibilities and good manufacturing practices are observed at all times during our production process. All of the Group's manufacturing facilities practice active waste reduction programmes that comply with national environmental policy requirements.

OUTLOOK

Given that Malaysia's construction industry will be among the fastest growing sectors in the world in the next four years (*according to a report by Timetric's Construction Intelligence Centre*), the Group is optimistic on its potential for growth in the near future. The increased capacity upon the full commissioning of the Nilai factory renders the Group's capability to augment its outreach through new opportunities in the domestic and regional markets.

The Malaysian government's efforts to address the nation's housing shortage is good news for us and we would intensify our on-going efforts to reach out to customers in the construction and property development markets as we aim to secure our position in those sectors. The expansion in the domestic construction industry supported by the government's improvement of the nation's public transport network, tourism infrastructure and increase in the volume of renewable projects presents vast potential for the Group to explore and capitalise on.

We are confident that despite the soft market conditions that resulted in a minor set-back in the Group's performance during FY2017, the next financial year is poised to deliver better. Improvement in the Malaysian economy as a result of the government's pro-growth policies and the Group's increased production capacity as well as new products will be significant factors that will contribute to positive results in the near future.

TAN SRI DATO' WIRA LEE YOON WAH
CEO Group Managing Director

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Principles and Best Practices provisions relating to internal control provided in the Malaysian Code on Corporate Governance, the Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control, which has also been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Board of Directors' Responsibilities

The Malaysian Code on Corporate Governance requires the Board to establish a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets. The Board recognises the importance of maintaining a sound system of internal controls. The Board also acknowledges its responsibility for the Group's system of internal controls which covers not only financial controls but operational and compliance controls. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and strategies. Shareholders should be aware that there are inherent limitations in any system of internal controls. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information or against financial losses or irregularities.

Risk Management Framework

Recommendation 6.1 of Principle 6 in the Malaysian Code on Corporate Governance states that the Board should establish a sound framework to manage risk. The risk management framework has been embedded in the Company's management systems. Authority and accountability have been clearly defined to implement the risk management process and internal control system.

The Group's Risk Management Framework encompasses Risk Management Units whose members are made up of Managers from different subsidiaries and departments within the Group. These Units, within their area of expertise and operational responsibilities, will identify and evaluate critical risks faced by their departments/divisions through observations and discussions on a day-to-day basis. These Units are also responsible to assess the changes to the existing operational risks or emergence of new key business risks in order to formulate and implement effective internal controls to manage such risks.

These critical risks identified are then brought to the attention of the Risk Management Committee during Risk Management Meetings for deliberations and decisions. Thereafter, follow up audits/checks will be carried out to ensure that all relevant controls are in place. The members of the Risk Management Committee comprise of the Group Managing Director/Chief Executive Officer, two Executive Directors and appointed Senior Management personnel. During the financial year ended 31 December 2017, the Risk Management Committee has met three (3) times.

Based on the assessment of the risk management and internal control system of the Group, the Board is of the view that there is an ongoing process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

Internal Control Environment

Within the Group, there are organisational structures in place for each operating unit with clearly defined levels of authority. Management of each operating unit has clear responsibility for identifying risks affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis. Since its listing on the Bursa Malaysia Securities Berhad, the Board has regularly addressed issues or risks that may have arisen.

Standard operating policies and procedures that document how transactions are captured and where internal controls are applied exist for all operating units of the Group. As part of the performance monitoring process, management information in the form of forecasts and quarterly management accounts and reports are provided to the Board for review and approval.

On the other hand, the Group has also put in a lot of effort in Human Resource Management in order to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary expertise to carry out their duties and responsibilities. Performance evaluations are being practised at all levels of staff to identify performance gaps, for training needs identification and talent development.

In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by ISO auditors as well as surveillance audit by various independent consultants engaged by the Group also serve as an integral part of the Group's internal control process.

Internal Audit

The Group outsourced its internal audit function to an independent firm of consultants, who, through the Audit Committee, provides the Board with the assurance it requires in respect of the adequacy and effectiveness of the Group's systems of the risk management and internal controls.

An internal audit plan in respect of financial year ended 31 December 2017 was drafted, after taking into consideration existing key business risks identified by the Executive Directors and Senior Management team, previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution.

The internal audit function is reporting to the Audit Committee directly and the engagement director is a Certified Internal Auditor accredited by the Institute of Internal Auditors Inc. and a Chartered Member of the Institute of Internal Auditors Malaysia. Furthermore, the entire internal audit team is totally independent. It has no involvement in the operations of the Group and is not involved in providing any form of advisory to the management of the Group.

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

During the financial year ended 31 December 2017, the internal audit function has conducted a review on inventories management in a factory of one of the subsidiary company. Upon the completion of the internal audit field work, internal audit reports were presented to the Audit Committee during its scheduled meetings. Internal audit findings and recommendations as well as management response and action plans are presented and deliberated during those meetings. Follow up audits had been carried out to ensure that all recommended corrective actions have been undertaken to mitigate the risks highlighted by the internal audit team.

Conclusion

In addition to the above, the Board has received assurance from the Group Managing Director/Chief Executive Officer, Executive Directors, Group Financial Controller as well as other Managers and Departmental Heads of the subsidiaries that the Group's risk management and internal controls system is operating adequately and effectively in all material aspects. Based on this assurance, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Furthermore, the Board and senior management remains committed to continuously strengthen the Group's internal controls system by taking into consideration better practices and the fast changing business environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Controls is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

SUSTAINABILITY STATEMENT

Sustainability has become a critical success factor for companies to ensure a long-term value creation and there has been a growing demand among investors for enhanced transparency on listed companies' Environmental, Social and Governance (ESG) practices. However, this Statement Sustainability is presented in the context of * Economic, Environment and Social (EES) without the Governance element. This is because there are already specific and comprehensive disclosures in this Annual Report that adheres to the Malaysian Code on Corporate Governance and the Corporate Governance Guide.

At United U-LI Corporation Berhad, management – with guidance from the Board of Directors – sets the tone for its sustainability efforts and identifies, manages and addresses ESG factors that are material to its business. We are currently in the process of embarking on the sustainability journey. The management acknowledges the significance of sustainability and we want to comply where there are potential impacts. We intend to align ourselves to the concept of sustainability and it was never our intention to leave negative foot prints in our production process.

Some highlights of the year under review include:

- The formalisation of an environmental policy to focus efforts on managing the usage of energy and other resources in our production processes; and
- The formalisation of a talent strategy to sustain the Company's competitive edge in attracting, retaining and replenishing talent while ensuring diversity and inclusion in the workplace.

Phase 1: Sustainability is one of the agenda items during the Board's meetings	**Phase 2:** Sustainability issues are included in the Board's agenda	**Phase 3:** Oversight of sustainability is integrated into the Board's strategy

United U-LI Corporation Berhad will continue to make improvements in its sustainability practices and work with relevant stakeholders towards the common goal of embedding sustainability in all our businesses. Our move towards embedding sustainability in our organisation has been made possible through a supportive culture and strong leadership at Board level.

We have produced this Statement in accordance with the Sustainability Reporting Guide published by Bursa Securities Malaysia Berhad. Our data is reported in good faith and to the best of our knowledge.

During the financial year under review, various business units and teams have been involved in the various aspects of sustainability management. The governance structure we are working towards is as listed below:

CEO Group Managing Director	Oversees overall sustainability management that includes strategies, progress updates and performance as well as to highlight relevant key issues to the Board of Directors.
Executive Committee	Reviews and approves all key sustainability-related matters
Risk Management	Reviews and advises on-going business and reputational risks and opportunities within United U-LI Corporation Berhad and its group of companies
Corporate Services	Facilitates highest level of compliance and governance by the Group
Human Resource	Manages all aspects of the Group's people management
Corporate Affairs	Develops community outreach and stakeholder engagement programmes
Business Units	Implement sustainable measures in their respective business and operational areas

STAKEHOLDER ENGAGEMENT

During the financial year under review, we actively engaged with different stakeholders through various channels as indicated below. The input and feedback garnered helped the Group formulate improvement plans, innovate products and services as well as anticipate future market demands.

Employees	- Team meetings - Training & development programmes - Targeted communication to all employees - Policies & procedures - Performance assessment
Customers	- Corporate website - Customer feedback - Mass media
Shareholders & investors	- Corporate website - Financial reports - Annual General Meetings - Meetings and briefings - Factory visits
Analysts	- Corporate website - Financial reports - Annual General Meetings - Meetings and briefings - Factory visits
Local authorities/ Government agencies	- Corporate website - Policies & procedures - Meetings, briefings & site visits
Vendors	- Procurement system - Meetings & briefings - Corporate website

SUSTAINABILITY REPORTING

In line with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad the Group is transmitting its reporting from four Corporate Responsibility pillars of Marketplace, Workplace, Environment and Community, to disclosures governed by material Economic, Environment and Social elements.

ECONOMIC

Throughout 2017, various efforts were made to drive growth and sustainability of the business. Key highlights detailing the activities:

Innovating production process

The Group's flagship factory at Nilai, Negeri Sembilan, employs the latest technology and utilises industrial robots.

Vigilant risk management

Risk management is an essential component in sustaining the Group's continued growth. We are committed to taking the necessary measures to manage risks that could potentially affect our long-term business viability. Please refer to the Statement on Risk Management and Internal Control on pages 19-21 for details.

ENVIRONMENTAL

Throughout the years, United U-LI Corporation Berhad has been consistently promoting environmental awareness amongst our employees, vendors and other stakeholders.

In 2017, we introduced the utilisation of piped liquid natural gas for our flagship factory at Nilai. This not only contributed significantly towards energy conservation but is also a cost-saving initiative that reduces our carbon footprint and the impact on the immediate environment.

We carried on our Reduce, Reuse and Recycle efforts to drive our agenda of reducing wastage at our workplace. All the factories in the Group practise active waste management and our administrative offices emphasise the use of recycled paper. The offices throughout the Group also have an energy-saving policy where all lights and air-conditioning have to be switched off when not in use.

SOCIAL

At United U-LI Corporation Berhad, our priority is to take into account the needs of our employees and the immediate communities where we operate.

1. Diversity

The Group is a melting-pot of 700 employees from diverse backgrounds, age groups, ethnicity and cultures.

To foster greater appreciation of cultural diversity and to strengthen the spirit of camaraderie among the employees, we observe Chinese New Year celebrations with extended factory shut-down, longer duration of holidays and annual company dinner to reflect the spirit of the festival. Other ethnic festivals are celebrated within the specific communities.

2. Long service

36% of our local employees have been with United U-LI Corporation Berhad for over ten years. We appreciate the contribution and commitment of our employees and will continue to put in place programmes to retain, nurture and grow our talent.

3. Employee engagement activities

Talent development

We provide our employees with opportunities for continuous learning and development and encourage them to grow with the Group. Our participation in the Human Resource Development Fund (HRDF) facilitated the training and up-skilling of our employees in various training programmes and workshops.

Employees with potential are given the opportunity to attend meetings abroad as part of their on-the-job training. At the same time, we continue with our in-house and on-the-job training.

We continue to plan the Group's training and development initiatives in line with our business needs and people development principles. Through the prioritisation of training programmes, we were able to ensure that employees attend relevant and impactful courses that contribute to the Group's progress as well as fulfil their technical and personal development needs.

Programmes and courses are categorised as follows:

Category	**Description**
Leadership	A course that focuses on providing managers with competencies to facilitate execution of the Group's strategy through building alignment and growing the capabilities of others.
Functional	A technical and/or practical-based course where individuals can improve their technical skills and competencies. This includes accredited courses where individuals obtain certification as warranted by their job function.
Personal effectiveness	A course that provides tools to individuals to enhance their personal competencies through self-improvement and make good use of their resources.

4. Community outreach

United U-LI Corporation Berhad recognises the importance of engaging with the immediate community and contributing towards the betterment of the communities where we operate. Throughout 2017, we continued to support charity organisations that are involved in disaster relief programmes.

Related policies and guidelines include:

Code of Conduct for Employees

Industrial Safety Policy & Guidelines

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of United U-LI Corporation Berhad ("the Board") acknowledges the importance of adopting good corporate governance practices in discharging its duties and responsibilities to safeguard the assets of the Company and its subsidiaries as well as to enhance shareholders value and financial performance of the Group. The Board is unreservedly committed to applying the principles necessary to ensure that the highest standards of corporate governance are consistently observed by the Group and is practices in all of its business dealings.

The Board understands that the responsibility of good corporate governance rests with them. As such, the Board strives to follow the principles and best practices of corporate governance and ensure that United U-LI Corporation Berhad complies with the various guidelines issued by Bursa Malaysia Securities Berhad and and the Malaysia Code of Corporate Governance (MCCG). By promoting integrity and professionalism in the management of the Group's affairs, the Board acknowledges the corporate governance tenets of transparency, accountability, integrity and corporate governance as the prerequisites of a responsible corporate citizen.

The Board is therefore pleased to report that during the financial year ended 31 December 2017 it had practised good corporate governance in directing and managing the business affairs of the Company and its subsidiaries (the Group).

1 ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions between Board and Management

The Board is responsible for the oversight over management and provides it with the ability to make decisions in the best interest of the shareholders, as it is free from interests and influences that may conflict with its duty. There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure a proper balance of power and authority. The Chairman leads the Board in setting values and standards of the Group and is responsible for the effective conduct of the Board. He ensures that information relating to issues on agenda is disseminated to all Directors well before deliberation at Board meetings and facilitate the constructive relations between the Executive and Non-Executive Directors. The Managing Director has overall responsibility for the operating units, organisational effectiveness, coordinating the development and implementation of business and corporate strategies as well as the implementation of Board's policies and decisions.

The duties and responsibilities of the Board are further disclosed in the Board Charter, which is available online on the Company's website.

The Board assumes, amongst others, the following duties and responsibilities:

i. Review and adoption of the overall strategic plans and programmes for the Company and the Group;
ii. Oversee and evaluate the conduct of business of the Company and of the Group;
iii. Identify principal risks and ensure implementation of a proper risk management system to manage such risks;
iv. Establish a succession plan;
v. Develop and implement a shareholder communication policy for the Company;
vi. Review the adequacy and the integrity of the management information and internal controls systems of the Company and the Group; and
vii. Delegation of responsibilities to the various board committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.

The following are matters which are specifically reserved for the Board:

i. Approval of corporate plans and programmes;
ii. Approval of annual budgets, including major capital commitments;
iii. Approval of new ventures;
iv. Approval of material acquisition and disposals of undertakings and properties;
v. Changes to the management and control structure within the company and its subsidiaries (the Group) including key policies, delegated authority limits; and
vi. Review and update of the whistle-blowing policy.

The Board retains full and effective control of the Group. This includes responsibilities for determining the Group's overall strategic directions as well as development and control of the Group. To ensure effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to Board Committees namely: Nomination and Remuneration Committee, Audit Committee and Risk Management Committee.

The Board has established clear functions which are reserved for the Board and those delegated to Board Committees and Management. Key matters such as approval of annual and quarterly results, acquisitions and disposals, material agreements, major capital expenditure, short-term and long-term plans and strategies as well as succession planning for top management are reserved for the Board.

Meanwhile, all Board Committees have their Terms of Reference approved by the Board. These committees have the authority to examine particular issues and submit reports of their deliberations and major findings to the Board. At each Board meeting, the reports and minutes of Board Committees meetings are presented to keep the Board informed and updated on the key issues deliberated by the Board Committees at their respective meetings. The Terms of Reference, composition and activities of the respective committees are stated in their respective reports.

The Board maintains a close and transparent relationship with Management. Clear limits of authority for Management to manage the business of the Group has been established and are reviewed as and when necessary to ensure that the limits of authority are up to date. Many of the responsibilities of the Board are delegated to Management through the Group Managing Director.

The Group Managing Director is accountable to the Board for the achievement of the Group's corporate objectives that include performance targets and long-term goals of the business.

1.2 Clear Roles and Responsibilities

i. Review and adopt strategic plans for the Group

The Board considers - after discussion and amendment as required - approves strategic plans proposed by management. All Board's decisions are recorded in the minutes, including the deliberation for each decisions, along with actions to be taken and the individuals responsible for implementation. Relevant Board decisions are communicated to senior management for implementation within a reasonable timeframe.

In conjunction with this, the Board also reviews and approves the annual forecast for the ensuing year and sets the Key Performance Indicators in ensuring that the targets correspond to the Company's strategy and business plan, reflect competitive industry trends and internal capabilities as well as provide sufficient stretch goals for the management.

To ensure the successful realisation of the strategies, the Board actively engages with management in monitoring the progress of initiatives and projects identified from time to time and, where required, identifies alternative measures to be taken.

ii. Oversee the conduct of the Group's business

The Board oversees the performance of management to determine whether the business is being properly managed. In this regard, the Group Managing Director is critical to the performance of the Group and provides the leadership and strategic vision of the Group. He is responsible for the day-to-day running of the business and operations of the Group including organisational effectiveness, implementation of Board policies and strategies as well as clarifies matters relating to the Group's business to the Board. His in-depth and intimate knowledge of the Group's affairs contributes significantly towards the direction of the Group to achieve its goals and objectives.

iii. Identify principle risks and implement appropriate internal controls

The Board acknowledges that it is responsible for ensuring that a sound system of risk management and internal control is maintained whereby it has reviewed the effectiveness of these systems to safeguard shareholders' interest and the Group's assets. Further details of the Group's system of internal controls are set out in the Statement on Risk Management and Internal Control section of this Annual Report on pages 19-21.

iv. Succession planning

The Board recognises the importance to attract and retain key management personnel. Hence, the Board has made concerted efforts to identify and groom middle management in all key areas as an integral part of the management succession plan. The plan also includes a competitive remuneration package offer and training as well as career development opportunities for employees in all key functions of the Group's operations.

v. Oversee the development and implementation of shareholder communications policy

The Board values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. In this regard, the Board has established a Corporate Disclosure Policy to meet or otherwise communicate with the shareholders of the Group. A copy of the Policy can be accessed on the Company's website.

vi. Review the adequacy and integrity of the management information and internal control systems

The Board is fully aware of the responsibilities to maintain a sound internal control system. The Board's responsibilities for the Group's system of internal controls cover not only financial aspects of the business but also operational, regulatory compliance as well as risk management matters. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report on pages 19-21.

1.3 Formalise Ethical Standards through Code of Conduct and Ensure its Compliance

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct under the Code include the following:

a. Conflict of interest;
b. Confidential information;
c. Insider information and securities trading;
d. Protection of assets;
e. Business records and control;
f. Compliance with the law;
g. Personal gifts and contribution;
h. Health and safety;
i. Sexual harassment;
j. Outside interest;
k. Fair and courteous behaviour; and
l. Misconduct.

As part of best practices in good corporate governance, the Group has also established a 'Whistle-Blowing' policy that provides an avenue for employees to report on their concerns of any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment. In this respect, the policy makes it clear that such concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern.

It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be appropriately addressed.

1.4 Strategies Promoting Sustainability

The Board understands the importance of sustainability in operating its businesses and is committed towards achieving sustainability that shall benefit stakeholders, the environment, our people and the immediate community where we operate our business. To achieve this, the Board reviews operational practices that impact on the sustainability of the environment, governance and social aspects of its business on a regular basis.

1.5 Access to Information and Advice

Directors have comprehensive and timely access to information concerning the Company and the Group. Notice of Board meetings and Board papers with supporting documents, presentations and materials detailing Group performance and operational, financial and corporate matters are circulated to Directors, normally at least fourteen days in advance of Board meetings to ensure that Directors have sufficient time to study them and be prepared for discussion. Comprehensive minutes of Board meetings are maintained and circulated to Directors. Directors are entitled to request and receive supplementary information in order to be fully briefed before each meeting.

The Board has full, unrestricted and timely access to all information pertaining to the Group's business affairs. All members of the Board have access to the advice and services of the Company Secretary and are entitled to obtain professional opinions or advice from external consultants when the need arises at the expense of the Group. In the event that such advice is considered necessary for the discharge of his duties and responsibilities as Director and, for the benefit of the Company, that particular Director would first discuss the request with the Audit Committee Chairman furnishing satisfactory and explicit justification for such request. After having done so, the Director can proceed where appropriate.

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with.

1.6 Qualified and Competent Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia's Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings to the senior management for action. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board as well as Board committees and between the Non-Executive Directors and management.

1.7 Board Charter

The Charter was formalised in April 2014 and will be reviewed from time to time. Accordingly, the Board had on, 27 February 2018, reviewed the Charter. The Charter is displayed for reference on the Company's website.

2 STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee (NC) was established on 2 November 2009. During the financial year ended 31 December 2017, the members were as follows:

1. Tan Sri Dato' Wira Abdul Rahman bin Ismail
Independent Non-Executive Director/Chairman

2. Chim Wai Khuan
Independent Non-Executive Director/Member

3. Wong Chow Lan
Independent Non-Executive Director/Member
(retired on 25.05.2017)

4. Shariff bin Mohd Shah
Senior Independent Non-Executive Director/Member
(appointed on 15.08.2017)

The NC operated under its terms of reference and had one (1) meeting convened during the financial year under review. The NC's Terms of Reference are stipulated in Section 5(b) of this Annual Report.

The main activities of the NC include the following:

- Assess the effectiveness of the Board, the Board Committees, the contribution of each Directors and the Company Secretary on an annual basis;
- Review the Board structure, size and composition as well as the required mix of skills of the Board and the Board Committees;
- Review the continuation in service of Executive Director(s) and Director(s) who are due for retirement by rotation;
- Assess the independence of the Independent Directors annually; and
- Review the training needs for each Directors.

2.2 Assessment of Directors

The Board, through its delegation to the Nomination Committee, has set up and implemented the process for the assessments of its Chairman, the individual Board Members and the Board as a whole. For the financial year ended 31 December 2017, the Board has - through the Nomination Committee - reviewed the skills mix and experience of the individual Directors and assessed the effectiveness of the Board as a whole. A separate assessment for Independent Directors has also been undertaken annually.

2.3 Appointment and Re-election of Board Members

In accordance with the Company's Constitution, all Directors are required to submit themselves for re-election by rotation at least once in every three (3) years at each Annual General Meeting (AGM). Newly-appointed Directors shall hold office until the AGM following their appointment and shall then be eligible for re-election by shareholders. The proposed appointment of new Board members, resignation of existing members, as well as the proposed re-election of the Directors, are approved by the Board upon the recommendation of the Nomination Committee.

The Constitution also require that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years from the date of appointment in compliance with the Listing Requirements of Bursa Malaysia Securites Berhad.

2.4 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Total directors' remuneration	7,194,834	6,886,453	406,574	433,800
Total estimated money value of benefits-in-kind	66,650	66,650	–	–
	7,261,484	6,953,103	406,574	433,800

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	
	2017	2016
Executive directors:		
RM1,000,000 and below	1	1
RM1,000,001- RM2,000,000	-	-
RM2,000,001- RM3,000,000	1	1
RM3,000,001- RM4,000,000	1	1
Non-executive directors:		
RM50,000 and below	3	3
RM50,001- RM100,000	1	1
RM100,001- RM150,000	1	1

3 REINFORCE INDEPENDENCE

3.1 Board Composition and Balance

The Board currently comprises seven (7) members, three (3) of whom are Executive Directors and four (4) Non-Executive Directors. All Non-Executive Directors are Independent and hence fulfil the prescribed requirements for one-third (1/3) of the membership of the Board to be independent members.

The composition and size of the Board is well-balanced with an effective mix of Executive Directors and Independent Non-Executive Directors that is in line with the Code and with the right mix of skills and experience. This balance enables the Board to provide clear and effective leadership to the Group and facilities the Board in making of informed and critical decisions on many aspects of the Group's strategies and performances. The Board structure also ensures that no individual or group of individuals dominates the Board's decision making process.

The Executive Directors who have good knowledge of the business are responsible for implementing corporate strategies and policies as well as charged with the management of the day-to-day operations of the business. The Independent Non-Executive Directors play a pivotal role in corporate accountability.

The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement or the ability to act in the best interests of the Group and of the minority shareholders. The presence of the Independent Non-Executive Directors are essential in providing the Group with a wider general experience of strategy formulation, unbiased and independent opinion, advice, judgement and objective view of the performance of the management as well as professionalism to ensure that adequate systems are used to safeguard the interest not only of the Group but also of minority shareholders and stakeholders of the Group.

The Board has identified Shariff bin Mohd Shah as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed where it could be inappropriate for the concerns to be dealt with by the Chairman and Group Managing Director. The Senior Independent Non-Executive Director may be contacted at tel: +603-5569 5999.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness. The Board is satisfied with its current composition which comprises a balanced mix of skills, knowledge and experience in the business and management fields that are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

3.2 Tenure of Independent Directors

The Board has implemented a nine (9) year policy for Independent Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to obtaining shareholders' approval at the Company's Annual General Meeting to continue serving.

4 FOSTER COMMITMENT

4.1 Time commitment for Directors

Board Meetings and Supply of Information

To ensure effective management of the Group, Board meetings are regularly convened during the year, at quarterly intervals or as and when necessary. During the financial year, five (5) Board meetings took place.

Date of meeting
1/2017 – 24 February 2017
2/2017 – 30 March 2017
3/2017 – 25 May 2017
4/2017 – 24 August 2017
5/2017 – 28 November 2017

Details of the attendance of the Directors at the Board meetings held in the financial year ended 31 December 2017 are as follows:

Name of Directors	No. of meetings attended
Tan Sri Dato' Wira Abdul Rahman bin Ismail (Absent on 30.03.2017, 24.08.2017 & 28.11.2017)	2/5
Tan Sri Dato' Wira Lee Yoon Wah	5/5
Dato' Lee Yoon Kong	5/5
Teow Lai Seng	5/5
Chim Wai Khuan	5/5
Lokman bin Mansor	5/5
Shariff bin Mohd Shah (appointed on 15.08.2017)	5/5
Wong Chow Lan (retired on 25.05.2017)	2/2

All Directors are provided with an agenda inclusive of relevant Board papers prior to each Board meetings. The Board papers include minutes of the last Board meeting, agenda for the current meeting and any report as well as documents pertaining to the issues to be discussed at the meeting. The Board papers are issued in sufficient time to enable the Directors to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. The Chairman of the Board chairs the Board meetings while the Group Managing Director leads the presentation and provides explanations on the Board reports. Senior Management staff may be invited to attend the Board meetings to explain and clarify the matters being tabled.

In addition to quarterly Board meetings, briefings are conducted for the Board from time to time on various issues such as changes to company and securities legislations, rules and regulations to inform them of the latest developments in these areas. The Directors are also notified of any corporate announcements released to Bursa Malaysia. They are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the unaudited quarterly financial results announcement.

In exercising their duties, the Board has unrestricted access to timely and accurate information that is not only quantitative but also other information deemed suitable within the Group, whether as full Board or in their individual capacity. All Directors also have direct access to the advice and the services of the Group's Company Secretary in carrying out their duties. In addition, the Board may also seek a professional opinion and independent advice from external consultants, if necessary, at the Company's expense.

4.2 Continuing Education Programme and Training

The Directors have attended the Mandatory Accreditation Programme (MAP) and from time to time Continuing Education Programme (CEP) prescribed by Bursa Malaysia.

During the financial year, one Director was unable to attend MAP due to programme timing and individual availability mismatch. Moving forward, the Board will be organising in-house training to accommodate all the Board members.

Particulars of the various programmes attended by Board members during the financial year ended 31st December 2017 are as follows:

Name of Directors	Date	Topic of Seminar / Talk
Tan Sri Dato' Wira Abdul Rahman bin Ismail	10-01-2017	1. Sustainability Forum for Directors – 'The Velocity of Global Change & Sustainability - The new Business Model'
	10-01-2017	2. ACCA Malaysia Sustainability Awards (MaSRA) 2016
Tan Sri Dato' Wira Lee Yoon Wah	10-01-2017	1. Sustainability Forum for Directors – 'The Velocity of Global Change & Sustainability - The new Business Model'
	10-01-2017	2. ACCA Malaysia Sustainability Awards (MaSRA) 2016
	27-04-2017	3. Corporate Governance: Obligation of Directors from the Listing Requirements Perspective
Dato' Lee Yoon Kong	10-01-2017	1. Sustainability Forum for Directors – 'The Velocity of Global Change & Sustainability - The new Business Model'
	10-01-2017	2. ACCA Malaysia Sustainability Awards (MaSRA) 2016
Teow Lai Seng	10-01-2017	1. Sustainability Forum for Directors – 'The Velocity of Global Change & Sustainability - The new Business Model'
	10-01-2017	2. ACCA Malaysia Sustainability Awards (MaSRA) 2016
Shariff bin Mohd Shah	20-04-2017	1. What Directors need to know on reporting and disclosure obligations to prevent public reprimand and fines by the regulators
	26-09-2017	2. Fraud Risk Management Workshop
	07-12-2017	3. Highlights of the Companies Act 2016 – Changes & Implications
Chim Wai Khuan	10-01-2017	1. Sustainability Forum for Directors – 'The Velocity of Global Change & Sustainability - The new Business Model'
	10-01-2017	2. ACCA Malaysia Sustainability Awards (MaSRA) 2016
	13-03-2017 & 14-03-2017	3. Critical Issues in Applying Malaysian Private Entities Reporting Standards
	26-09-2017	4. Fraud Risk Management Workshop
Lokman bin Mansor		NONE

The Directors will continue to attend seminars and other relevant training programmes to ensure that they are kept abreast with developments on a continuous basis in compliance with the Listing Requirements of Bursa Malaysia.

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the organisation of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the committees as well as the authority delegated by the Board to these committees have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board.

The Board Committees for the financial year under review were as follows:

a. Audit Committee

The Audit Committee operates under a clearly defined Terms of Reference stating its roles and responsibilities in ensuring the quality and integrity of the practices of the Group.

The Audit Committee presently comprises three (3) members, all of whom are Independent Non-Executive Directors:

i)	Chim Wai Khuan	(Independent Non-Executive Director) - Chairman
ii)	Lokman bin Mansor	(Independent Non-Executive Director)
iii)	Shariff bin Mohd Shah	(Senior Independent Non-Executive Director) - appointed on 15.08.2017
iv)	Wong Chow Lan	(Independent Non-Executive Director) - retired on 25.05.2017

The Audit Committee has held a total of five (5) meetings during the course of the financial year ended 31 December 2017.

Date of meeting
1/2017 – 24 February 2017
2/2017 – 30 March 2017
3/2017 – 25 May 2017
4/2017 – 24 August 2017
5/2017 – 28 November 2017

Name of Committee members	No. of meetings attended
Chim Wai Khuan	5/5
Lokman bin Mansor	5/5
Shariff bin Mohd Shah (appointed on 15.08.2017)	2/2
Wong Chow Lan (retired on 25.05.2017)	2/2

b. Nomination Committee

Members	
Tan Sri Dato' Wira Abdul Rahman bin Ismail	(Independent Non-Executive Director) - Chairman
Chim Wai Khuan	(Independent Non-Executive Director)
Shariff bin Mohd Shah	(Senior Independent Non-Executive Director) - appointed on 15.08.2017
Wong Chow Lan	(Independent Non-Executive Director) - retired on 25.05.2017

The Nomination Committee is responsible for ensuring the Board has the appropriate balance and size as well as recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board.

Meeting of the Nomination Committee are held at least once a year or as and when required.

Date of meeting
1/2017 – 28 November 2017

Name of Committee members	**No. of meetings attended**
Tan Sri Dato' Wira Abdul Rahman bin Ismail	0/1 (absent on 28.11.2017)
Chim Wai Khuan	1/1
Shariff bin Mohd Shah (appointed on 15.08.2017)	1/1
Wong Chow Lan (retired on 25.05.2017)	0/0

The Terms of Reference of the Nomination Committee were as follows:

- to review, recommend and consider suitable candidates to the Board of the Group, including committees of the Board;
- to review and determine the mix of skills, experience and other qualities, including core competencies of Non-Executive Directors, on an annual basis;
- to assess the Directors on an on-going basis and the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors as well as Chief Executive Officer;
- to recommend suitable orientation, educational and training programmes to continually train and equip the existing and new Directors;
- to provide a succession planning policy and ensure that the policy is kept under review;
- to examine particular issues and make the appropriate recommendations to the Board;
- to ensure the composition of the Board is in accordance with the Memorandum and Articles of Association and the requirements for Best Practice of Corporate Governance; and
- to assess and recommend to the Board the terms of reference of Board Committees and review the adequacy of committee structure of the Board Committee.

The Nomination Committee upon its annual assessment carried out for financial year 2017 was satisfied that:

- The size and composition of the Company is optimum with an appropriate mix of knowledge, skills, attributes and core competencies;
- The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;
- All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;

- All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, depth of knowledge, skills and experience as well as their personal qualities;

- The Independent Directors comply with the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance as well as bring an element of objectivity to the Board of Directors; and

- The following Independent Non-Executive Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years respectively do not in any way interfere with their exercise of objective judgement or their ability to act in the best interest of the Company:

  i) Tan Sri Dato' Wira Abdul Rahman bin Ismail;
  ii) Chim Wai Khuan;
  iii) Lokman bin Mansor; and
  iv) Shariff bin Mohd Shah.

The Company has on 27 February 2018 merged the Nomination Committee and Remuneration Committee into a new committee, known as Nomination and Remuneration Committee.

The composition of the Nomination and Remuneration Committee is as follows:

1) Tan Sri Dato' Wira Abdul Rahman Bin Ismail – Chairman (Independent Non-Executive Director)
2) Tan Sri Dato' Wira Lee Yoon Wah – Member (Group Managing Director/Chief Executive Officer)
3) Chim Wai Khuan – Member (Independent Non-Executive Director)
4) Shariff Bin Mohd Shah – Member (Senior Independent Non-Executive Director)

c. Remuneration Committee

Members

Tan Sri Dato' Wira Abdul Rahman bin Ismail	(Independent Non-Executive Director) - Chairman
Tan Sri Dato' Wira Lee Yoon Wah	(Group Managing Director/Chief Executive Officer)
Chim Wai Khuan	(Independent Non-Executive Director)
Shariff bin Mohd Shah	(Senior Independent Non-Executive Director) - appointed on 15.08.2017
Wong Chow Lan	(Independent Non-Executive Director) - retired on 25.05.2017

The Remuneration Committee meets at least once a year or as and when required.

Date of meeting

1/2017 – 28 November 2017

Name of Committee members	No. of meetings attended
Tan Sri Dato' Wira Abdul Rahman bin Ismail	0/1 (absent on 28.11.2017)
Tan Sri Dato' Wira Lee Yoon Wah	1/1
Chim Wai Khuan	1/1
Shariff bin Mohd Shah (appointed on 15.08.2017)	1/1
Wong Chow Lan (retired on 25.05.2017)	0/0

The Terms of Reference of the Remuneration Committee are as follows:

- to establish and review the terms and conditions of employment and remuneration of Executive Directors and key senior management officers of the Group to ensure that rewards commensurate with their contributions to the Group's growth and profitability, supports the Group's objectives and shareholders value and is consistent with the Group's culture and strategy;
- to review annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration and/or reward payments, if any, reflecting their contributions for the year;
- to ensure the level of remuneration for Independent Non-Executive Directors reflects their experience and level of responsibilities undertaken and contribution to the effective functioning of the Board. Reviews and recommends changes to the Board where necessary; and
- keep abreast of the terms and conditions of service of the Executive Directors including their total remuneration package for market comparability. Reviews and recommends changes to the Board where necessary.

All recommendations of the Remuneration Committee are subject to the endorsement of the Board.

The Company has on 27 February 2018 merged the Nomination Committee and Remuneration Committee into a new committee, known as Nomination and Remuneration Committee.

The composition of the Nomination and Remuneration Committee is as follows:

1) Tan Sri Dato' Wira Abdul Rahman Bin Ismail – Chairman (Independent Non-Executive Director)
2) Tan Sri Dato' Wira Lee Yoon Wah – Member (Group Managing Director/Chief Executive Officer)
3) Chim Wai Khuan – Member (Independent Non-Executive Director)
4) Shariff Bin Mohd Shah – Member (Senior Independent Non-Executive Director)

5.1 Compliance with Applicable Financial Reporting Standard

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Group in the quarterly interim financial reports of the Group and the annual audited financial statements of the Group and of the Company in accordance with the provisions of the Companies Act 2016 in Malaysia ("the Act"), the Listing Requirements, the Malaysian Financial Reporting Standards (MFRS)s, the International Financial Reporting Standards (IFRS) and any other statutory or regulatory requirements.

The Directors have responsibility for ensuring that the Group keeps proper accounting records that disclose - with reasonable accuracy at any time - the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards in Malaysia.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. The activities of the Audit Committee are elaborated in more detail in the Audit Committee Report section of this Annual Report.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.

5.2 Assessment of Suitability and Independence of External Auditors by the Audit Committee

The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the management at least twice a year. From time to time, the external auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report of this Annual Report.

6 RECOGNISE AND MANAGE RISKS

The Board acknowledges its overall responsibility in ensuring that a sound risk management framework and internal controls system which covers strategic, financial, operational and compliance controls as well as risk management is maintained throughout the Group. The Board recognises that risks may not be totally eliminated and the Risk Management and Internal Control framework was designed to manage and mitigate these risks to safeguard shareholders' interests and the Group's assets.

The Audit Committee - that has been empowered to assist the Board in discharging its duties in relation to risk management and internal controls - seeks regular assurance and the continuity and effectiveness of the risk management framework and internal controls system through independent reviews conducted by internal and external auditors and the Group's Risk Management Committee.

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 measures to mitigate, avoid or eliminate these risks.

During the financial year, the internal audit function was outsourced to Messrs Govern Ace Advisory Sdn. Bhd. In the financial year 2017, the internal auditor has reviewed the adequacy and effectiveness of the inventories management system at the Nilai factory and observed that the internal controls system were operating effectively and satisfactorily.

Further details of the Group's system of internal controls are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

7 TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Procedures

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. The Board formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

A copy of the Group's Corporate Disclosure Policy is available for reference on our corporate website.

7.2 Leveraging on Information Technology

To augment the process of disclosure the Board established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices and the Company's Annual Report may be accessed.

8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Investor Relations and Shareholders Communication

The Board acknowledges the importance of maintaining transparency and accountability to all its stakeholders, particularly its shareholders and investors, as it ensures that market credibility and investors' confidence are maintained. Through extensive disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfil transparency and accountability objectives.

At this juncture, the channel of communication - to shareholders, stakeholders and the general public - for the overall performance and operations of the Group's business activities are through press releases, public announcements on a quarterly basis, the Annual Report and disclosures to the Bursa Malaysia.

Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and Management to convey information about the Group's performance, strategy and other matters affecting shareholders' interests.

Besides the key channels of communication through the Annual Report, general meetings and announcements to Bursa Malaysia as well as analyst and media briefings there is also continual effort to enhance the Group's website at www.uli.com.my as a channel of communication and information dissemination. Continual improvement and development of the website is being undertaken to ensure easy and convenient access.

The upcoming AGM represents the principal forum for dialogue and interaction with shareholders. The Notice of Meeting and the Annual Report are sent out to shareholders at least 21 days before the date of the annual general meeting in accordance with the Company's Articles of Association. A presentation is given by the Chairman to explain the Group's strategy, performance and major developments to shareholders during the AGM.

Shareholders are accorded both the opportunity and time to raise questions or offer constructive criticism pertaining to the operations and financial matters of the Group whilst the Board and senior management will provide the answers and appropriate clarification to issues raised. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if necessary.

8.2 Poll Voting

At the last AGM of the Company, no substantive resolutions were put forth for shareholders' approval, except the routine resolutions pertaining to receiving of audited financial statements, re-appointment and re-election of Directors, and Directors' fees and re-appointment of Auditors. In view thereof, all resolutions were voted on by show of hands by shareholders.

The Board will consider adopting electronic voting to facilitate greater shareholder participation at general meetings and to ensure accurate and efficient outcomes of the voting process.

CONCLUSION

Compliance with the Code

The Board is satisfied that the Group had maintained high standards of corporate governance and has strived to achieve the highest level of integrity and ethical standards in all its business dealings, including compliance with the Code throughout the financial year ended 31 December 2017.

This Statement is made in accordance with the resolution of the Board of Directors dated 17 April 2017.

AUDIT COMMITTEE REPORT

MEMBERS

Chim Wai Khuan (Independent Non-Executive Director) - Chairman
Lokman bin Mansor (Independent Non-Executive Director)
Shariff bin Mohd Shah (Senior Independent Non-Executive Director) - appointed on 15.08.2017
Wong Chow Lan (Independent Non-Executive Director) - retired on 25.05.2017

TERMS OF REFERENCE

1. Membership

The Audit Committee shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than three (3) members, all of whom must be Non-executive Directors, with majority of them being Independent. The Chairman who shall be elected by the Audit Committee must be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Audit Committee.

The Board shall at all times ensure that at least one (1) member of the Audit Committee:

I. must be a member of the Malaysian Institute of Accountants ("MIA"); or
II. if he is not a member of MIA, he must have at least three (3) years working experience and:
  - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
III. fulfils such other requirements as prescribed or approved by Bursa Securities.

At least once in every three (3) years, the Board of Directors must review the Terms of reference and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members carried out their duties in accordance to the Terms of Reference.

2. Meetings and Reporting Procedures

The Audit Committee shall convene meeting at least four (4) times a year, or more frequently as the Audit Committee considers necessary. The Chairman of the Audit Committee, or the secretary on the requisition of any members, the head of internal audit or the external auditors, shall at any time summon a meeting by giving reasonable notice. A quorum shall be two (2) members present and majority of which must be Independent Directors.

The chief financial officer and the company secretary, the head of internal audit and representative of the external auditors shall normally be invited to attend the meetings but may be requested to leave a meeting as and when deemed necessary by the Audit Committee. Other Board members and senior management staff may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet the external auditors without any executive Directors and employees present at least twice a year.

The company secretary shall act as secretary of the Audit Committee. The secretary shall draw up an agenda for each meeting, in consultation with the chairman of the Audit Committee. The agenda shall be distributed to all members of the Audit Committee and head of internal audit as well as external auditors before the meeting together with supporting papers. The minutes of the meeting of the Audit Committee shall be signed by the Chairman and circulated to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board and all recommendations of the Audit Committee shall be submitted to the Board for approval.

3. Authority

The Audit Committee is authorised by the Board and at the cost of the Company to:

- Investigate any activity within its Terms of Reference;
- Have the internal audit function report directly to the Audit Committee;
- Have the resources required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company or the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the external and internal auditors;
- obtain external legal or other independent advice as necessary; and
- to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. Responsibilities and Duties

The responsibilities and duties of the Audit Committee shall include the following:

Corporate Financial Reporting

i) to review and recommend acceptance or otherwise of accounting policies, principles and practices;
ii) to review the quarterly and annual financial statements of the Group and the Company for recommendation to the Board of Directors for approval, focusing particularly on:

- any changes in or implementation of new accounting policies and practices;
- major judgemental areas, significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumptions; and
- compliance with the applicable approved accounting standards in Malaysia, Listing Requirements of the Bursa Securities and other legal and statutory requirements.

iii) to review with the management and the external auditors the results of the audit, including any difficulties encountered.

Corporate Risk Management

i) to review the adequacy of and to provide reasonable assurance to the Board of the effectiveness of risk management functions of the Group; and
ii) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group.

Internal Control

i) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
ii) to review the findings on the internal control in the Group by internal and external auditors; and
iii) to review and approve the Statement on Risk Management and Internal Control for the annual report as required under Listing Requirements of Bursa Securities.

Internal Audit

i) to approve the corporate audit charters of internal audit functions in the Group;
ii) to ensure that the internal audit functions have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organizational structure, resources, budgets and qualifications of the internal audit personnel;
iii) to review internal audit reports and management's response and actions taken in respect of these and report to the Board accordingly;
iv) to review the adequacy of the scope, functions and resources of the internal auditors and whether it has the necessary authority to carry out its work;
v) to be informed of resignations and transfer of senior internal audit staff and providing resigning/ transfer staff an opportunity in expressing their view; and
vi) to direct any special investigation to be carried out by internal audit. The total cost incurred for the internal audit function in respect of the financial year ended 31 December 2017 amounted to RM15,000.

External Audit

i) to consider the appointment, resignation and dismissal of external and their audit fee;
ii) to review the external audit reports, major findings and management's responses and actions taken thereto. Where actions are not taken within an adequate time frame by the management, the Audit Committee will report the matter to the Board; and
iii) to review the nature and scope of the audit by external auditors before commencement.

Corporate Governance

i) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
ii) to review the findings of any examinations by regulatory authorities;
iii) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
iv) to review and approve the Statements of Corporate Governance for the annual report as required under the Listing Requirements of Bursa Securities;
v) to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
vi) to review the investor relations programme and shareholder communication policy for the Company;
vii) to develop and regularly review the Group's code of Corporate Governance and business ethics;
viii) where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee must promptly report such matters to Bursa Securities; and
ix) any such other functions as may be agreed by the Committee and the Board.

Meetings And Minutes

During the financial year ended 31 December 2017, five (5) Audit Committee Meetings were held. Details of attendance of each Committee members were as follows:

Name of Committee Members	No. of Meetings Attended
Chim Wai Khuan	5/5
Lokman bin Mansor	5/5
Shariff bin Mohd Shah (appointed on 15.08.2017)	2/2
Wong Chow Lan (retired on 25.05.2017)	2/2

At each of these Committee Meetings, the senior management personnel, the company secretary together with representatives of the external auditors were in attendance.

5. Summary of Activities

The Audit Committee carried out its duties in accordance with its Terms of Reference during the financial year ended 31 December 2017. The main activities undertaken by the Audit Committee included the following:

i) reviewed the interim financial reports relating to the quarterly reporting of the Group to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval for the release of the said quarterly reporting;

ii) reviewed the audited financial statements before submitting them to the Board, ensuring that the financial statements were prepared in accordance with the applicable approved accounting standards and the Companies Act, 2016 in Malaysia. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated;

iii) evaluated the performance of the external auditors, reviewed the external auditors scope of work, audit plan and their audit fees and recommending the appointment of external auditors at the AGM;

iv) reviewed with external auditors the result of the audit and the management letter (if any), including management's response;

v) discussed the internal audit plan, programmes and resources requirement and skill levels of the internal auditors for the year and assessed the performance of the internal audit function;

vi) reviewed the internal auditor's report, which highlighted the audit issues, recommendations and management's response. Discussed with management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports; and

vii) reviewed and discussed Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") to ascertain if the transactions are conducted at arm's length and on normal commercial terms, and that the internal control procedures with regards to such transactions are sufficient.

ADDITIONAL COMPLIANCE **INFORMATION**

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 December 2017:

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as otherwise disclosed in Significant Related Party Transactions in the Financial Statements, there are no material contracts including contracts relating to any loan entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2017, audit fees paid to external auditors by the Company and the Group amounted to RM50,000 and RM139,200 respectively. There were no non-audit fees paid to external auditors during the financial year ended 31 December 2017.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The proceeds raised from the Private Placement which was completed on 21 August 2015, had been fully utilised during the financial year ended 31 December 2017.

PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year ended 31 December 2017.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	19,141,294	3,703,177
Attributable to:		
Owners of the Company	19,141,294	3,703,177
Non-controlling interests	-	-
	19,141,294	3,703,177

DIVIDENDS

Since the end of the previous financial year, the Company has declared a fourth interim dividend of 3 sen per ordinary share amounting to RM4,356,000 in respect of the financial year ended 31 December 2016 and paid on 20 April 2017.

Subsequent to the financial year end, the Company declared a first interim dividend of 0.5 sen per ordinary share amounting to RM726,000 in respect of the financial year ended 31 December 2017 on 27 February 2018. The financial statements for the current financial year do not reflect this declared dividend. Such dividend, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018.

The directors do not recommend the payment of any final dividends in respect of the financial year ended 31 December 2017.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

Subsequent to the financial year, the Board of Directors of the Company has proposed to undertake a bonus issue of 72,600,000 Bonus Shares on the basis of 1 Bonus Share for every 2 existing shares held on 27 February 2018. The proposal has been approved by Bursa Malaysia Securities Berhad on 30 March 2018.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted to any person to take up the unissued shares of the Company.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dato' Wira Abd Rahman bin Ismail
Tan Sri Dato' Wira Lee Yoon Wah
Dato' Lee Yoon Kong
Teow Lai Seng
Chim Wai Khuan
Lokman bin Mansor
Shariff bin Mohd Shah
Wong Chow Lan (Retired on 25 May 2017)

SUBSIDIARIES' DIRECTORS

The directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dato' Wira Abd Rahman bin Ismail
Tan Sri Dato' Wira Lee Yoon Wah
Dato' Lee Yoon Kong
Teow Lai Seng

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2017	**Bought**	**Sold**	**At 31.12.2017**
The Company				
Direct Interest				
Tan Sri Dato' Wira Abd Rahman bin Ismail	9,000	-	-	9,000
Tan Sri Dato' Wira Lee Yoon Wah	4,261,848	-	-	4,261,848
Dato' Lee Yoon Kong	3,867,246	-	-	3,867,246
Teow Lai Seng	9,000	-	-	9,000
Chim Wai Khuan	400,000	-	-	400,000
Lokman bin Mansor	9,000	-	-	9,000
Shariff bin Mohd Shah	439,128	-	-	439,128
Deemed Interest				
Tan Sri Dato' Wira Abd Rahman bin Ismail *	44,556	-	-	44,556
Tan Sri Dato' Wira Lee Yoon Wah **	54,000,000	-	-	54,000,000
Dato' Lee Yoon Kong **	54,000,000	-	-	54,000,000

* Deemed interest by virtue of his interest in Kasuria Sdn. Bhd.
** Deemed interest by virtue of their interest in Pearl Deal (M) Sdn. Bhd.

By virtue of their interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Wira Lee Yoon Wah and Dato' Lee Yoon Kong are also deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 25(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are disclosed in Note 21 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

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

....

TAN SRI DATO' WIRA LEE YOON WAH
Director

....

DATO' LEE YOON KONG
Director

Petaling Jaya

Date: 17 April 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	133,909,589	114,167,772	-	-
Investment properties	6	382,700	391,600	-	-
Intangible asset	7	1	1	-	-
Investment in subsidiaries	8	-	-	40,933,094	40,933,094
Total non-current assets		134,292,290	114,559,373	40,933,094	40,933,094
Current assets					
Other investments	9	3,132,795	3,033,266	-	-
Inventories	10	94,849,666	54,806,344	-	-
Trade and other receivables	11	82,715,354	77,599,376	70,602,942	75,682,489
Prepayments		93,832	52,203	-	-
Tax recoverable		5,668,193	1,894,330	-	-
Fixed deposits placed with licensed banks	12	13,725,832	38,977,701	-	-
Cash and bank balances		29,581,504	44,136,465	1,542,060	1,505,502
Total current assets		229,767,176	220,499,685	72,145,002	77,187,991
TOTAL ASSETS		364,059,466	335,059,058	113,078,096	118,121,085
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	112,200,000	72,600,000	112,200,000	72,600,000
Share premium		-	39,600,000	-	39,600,000
Retained profits	14	173,078,335	158,293,041	344,679	997,502
Total equity		285,278,335	270,493,041	112,544,679	113,197,502
Non-current liabilities					
Deferred tax liabilities	15	3,413,744	2,403,923	-	-
Loans and borrowings	16	5,948,182	7,040,383	-	-
Total non-current liabilities		9,361,926	9,444,306	-	-

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 (cont'd)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Current liabilities					
Trade and other payables	17	27,093,736	26,836,549	419,977	4,806,452
Loans and borrowings	16	41,670,180	27,776,799	-	-
Tax payable		655,289	508,363	113,440	117,131
Total current liabilities		69,419,205	55,121,711	533,417	4,923,583
Total liabilities		78,781,131	64,566,017	533,417	4,923,583
TOTAL EQUITY AND LIABILITIES		364,059,466	335,059,058	113,078,096	118,121,085

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED **31 DECEMBER 2017**

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	18	199,962,136	201,072,328	4,356,000	17,424,000
Cost of sales	19	(127,038,023)	(118,908,627)	-	-
Gross profit		72,924,113	82,163,701	4,356,000	17,424,000
Other income		4,113,948	4,917,776	282	-
Administrative expenses		(37,750,717)	(35,022,324)	(653,105)	(677,140)
Other expenses		(9,906,749)	(7,191,381)	-	-
Operating profit		29,380,595	44,867,772	3,703,177	16,746,860
Finance costs	20	(2,028,278)	(1,385,276)	-	-
Profit before tax	21	27,352,317	43,482,496	3,703,177	16,746,860
Income tax expense	22	(8,211,023)	(12,363,760)	-	-
Profit for the financial year		19,141,294	31,118,736	3,703,177	16,746,860
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial year		19,141,294	31,118,736	3,703,177	16,746,860
Profit for the financial year attributable to:					
Owners of the Company		19,141,294	31,118,736	3,703,177	16,746,860
Non-controlling interests		-	-	-	-
		19,141,294	31,118,736	3,703,177	16,746,860
Total comprehensive income attributable to:					
Owners of the Company		19,141,294	31,118,736	3,703,177	16,746,860
Non-controlling interests		-	-	-	-
		19,141,294	31,118,736	3,703,177	16,746,860
Earnings per share attributable to owners of the Company	23				
- basic (sen)		13.18	21.43		
- diluted (sen)		13.18	21.43		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED **31 DECEMBER 2017**

		<------- Attributable to owners of the Company ------->			
	Note	Share capital RM	Share premium RM	Retained profits RM	Total equity RM
Group					
At 1 January 2016		72,600,000	39,600,000	144,598,305	256,798,305
Total comprehensive income for the financial year		-	-	31,118,736	31,118,736
Transaction with owners:					
Dividends	24	-	-	(17,424,000)	(17,424,000)
At 31 December 2016		72,600,000	39,600,000	158,293,041	270,493,041
Total comprehensive income for the financial year		-	-	19,141,294	19,141,294
Transactions with owners:					
Effect from adoption of Companies Act 2016	13	39,600,000	(39,600,000)	-	-
Dividends	24	-	-	(4,356,000)	(4,356,000)
Total transactions with owners		39,600,000	(39,600,000)	(4,356,000)	(4,356,000)
At 31 December 2017		112,200,000	-	173,078,335	285,278,335

		<------- Attributable to owners of the Company ------->			
	Note	Share capital RM	Share premium RM	Retained profits RM	Total equity RM
Company					
At 1 January 2016		72,600,000	39,600,000	1,674,642	113,874,642
Total comprehensive income for the financial year		-	-	16,746,860	16,746,860
Transaction with owners:					
Dividends	24	-	-	(17,424,000)	(17,424,000)
At 31 December 2016		72,600,000	39,600,000	997,502	113,197,502
Total comprehensive income for the financial year		-	-	3,703,177	3,703,177
Transactions with owners:					
Effect from adoption of Companies Act 2016	13	39,600,000	(39,600,000)	-	-
Dividends	24	-	-	(4,356,000)	(4,356,000)
Total transaction with owners		39,600,000	(39,600,000)	(4,356,000)	(4,356,000)
At 31 December 2017		112,200,000	-	344,679	112,544,679

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED **31 DECEMBER 2017**

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from operating activities					
Profit before tax		27,352,317	43,482,496	3,703,177	16,746,860
Adjustments for:					
Impairment loss on receivables		83,148	44,026	-	-
Inventories written down		-	83,871	-	-
Reversal of impairment loss on receivables		(307,562)	(210,717)	-	-
Amortisation of intangible assets		-	54	-	-
Bad debts written off		-	93,697	-	-
Depreciation of:					
- property, plant and equipment		9,906,748	7,201,701	-	-
- investment properties		8,900	8,900	-	-
Dividend income		-	-	(4,356,000)	(17,424,000)
Fair value gain on other investments		(99,529)	(33,266)	-	-
Net gain on disposal of property, plant and equipment		(754)	(180,901)	-	-
Interest income		(634,828)	(1,825,175)	-	-
Interest expense		2,028,278	1,385,276	-	-
Net loss on unrealised foreign exchange		1,067,005	202,229	-	-
Operating profit/(loss) before changes in working capital		39,403,723	50,252,191	(652,823)	(677,140)
Changes in working capital:					
Inventories		(40,043,322)	(9,566,307)	-	-
Receivables		(5,762,050)	(1,256,851)	-	-
Payables		19,039	(2,856,835)	(30,475)	2,910
Net cash flows (used in)/ generated from operations		(6,382,610)	36,572,198	(683,298)	(674,230)
Interest paid		(1,696,457)	(1,026,590)	-	-
Interest received		634,828	1,825,175	-	-
Tax paid		(11,701,257)	(14,047,113)	(3,691)	-
Tax refunded		873,118	350,643	-	129,743
Net cash flows (used in)/from operating activities		(18,272,378)	23,674,313	(686,989)	(544,487)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		755	253,182	-	-
Purchase of property, plant and equipment		(29,648,566)	(40,002,834)	-	-
Placement of other investment		-	(3,000,000)	-	-
Repayment from subsidiaries		-	-	5,079,547	13,781,720
Net cash flows (used in)/from investing activities		(29,647,811)	(42,749,652)	5,079,547	13,781,720
Cash flows from financing activities	(a)				
Dividend paid		(4,356,000)	(13,068,000)	(4,356,000)	(13,068,000)
Interest paid		(331,821)	(358,686)	-	-
Net drawdown of other short term borrowings		11,747,000	10,418,000	-	-
Net repayment of term loan		(770,000)	(619,842)	-	-
Net cash flows from/(used in) financing activities		6,289,179	(3,628,528)	(4,356,000)	(13,068,000)
Net (decrease)/increase in cash and cash equivalents		(41,631,010)	(22,703,867)	36,558	169,233
Cash and cash equivalents at the beginning of the financial year		83,114,166	105,818,033	1,505,502	1,336,269
Cash and cash equivalents at the end of the financial year		41,483,156	83,114,166	1,542,060	1,505,502
Analysis of cash and cash equivalents					
Fixed deposits placed with licensed banks		13,725,832	38,977,701	-	-
Cash and bank balances		29,581,504	44,136,465	1,542,060	1,505,502
Bank overdrafts		(1,824,180)	-	-	-
		41,483,156	83,114,166	1,542,060	1,505,502

(a) Reconciliation of liabilities arising from financing activities:
Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

United U-LI Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 33, Jalan Kartunis U1/47, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding whilst the principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (Continued)

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019 Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatment	1 January 2019

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at:

(i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus
(ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations; and
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by- acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously been recognised in other comprehensive income are reclassified to profit or loss or transferred to retained earnings where such treatment would be appropriate if that interest were disposed of directly.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statements 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 associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) 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.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.8(ii).

3.3 Property, plant and equipment and depreciation

All property, plant and equipment are initially stated at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(ii) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Freehold lands are not depreciated as it has an infinite lives. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Leasehold lands	remaining lease period ranges from 72 years to 85 years
Buildings	2%
Electrical installation	10%
Plant and machinery	15%
Motor vehicles	15%
Office equipment	10%
Furniture and fittings	10%
Renovation	10%

Building under construction and plant and machineries under installation are not depreciated as these assets are not yet available for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment property

Investment property is property held for long term rental yields and/or for capital appreciation and is not occupied by the Group. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties are provided for the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties.

Building is depreciated on a straight line basis to write off the cost over its estimated useful lives at an annual rate of 2%.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year in which it arises.

3.5 Intangible assets

Trademark represents the acquisition cost of the rights and license to use the name of "Goodlite" in the manufacturing of electrical lighting and fittings. Trademark is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Trademark with finite useful lives will be amortised on a straight line basis over its estimated economic useful lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for trademark are reviewed yearly at the end of each reporting period.

3.6 Inventories

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

Cost is determined on the weighted average basis. The cost of raw materials and consumables comprise cost of purchase, transport and handling charges. The costs of finished goods and work-in-progress comprise cost of raw materials, direct labour and other direct costs and appropriate proportions of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(a) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(i) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(a) Financial assets (Continued)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(i) of the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

As at the end of the reporting period, there were no financial assets classified under this category.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

As at the end of the reporting period, there were no financial assets classified under this category.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(a) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

As at the end of the reporting period, there were no financial liabilities classified under this category.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(ii) 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Impairment of financial assets

(a) Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Impairment of financial assets (Continued)

(c) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

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

(ii) Impairment of non-financial assets

The Group assesses at the end of each reporting period 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 makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairments, 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 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Impairment of non-financial assets (Continued)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit or loss.

3.9 Equity instruments

Instrument classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.10 Leases

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful lives of the asset and the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Leases (Continued)

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

3.11 Foreign currencies

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the end of reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

3.12 Interest-bearing borrowings

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

3.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue recognition (Continued)

(i) Sales of goods

Revenue from sale of goods is recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

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

(iii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

3.14 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

Borrowing costs are recognised in the profit or loss as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.16 Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences like sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

3.17 Segment reporting

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

3.18 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are presented net of bank overdrafts which are repayable on demand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 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 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.

3.20 Contingent liabilities

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.21 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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 be use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(i) Write down of obsolete or slow moving of inventories (Note 10)

Reviews are made periodically by management on demand, obsolete and slow moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(ii) Impairment of loans and receivables (Note 11)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands RM	Leasehold lands RM	Buildings RM	Electrical installation RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Building under construction RM	Plant and machinery under installation RM	Total RM
Group												
Cost												
At 1 January 2016	6,816,000	20,313,000	21,854,809	67,715	60,130,908	8,319,690	2,915,613	740,531	4,351,100	10,748,805	1,362,000	137,620,171
Additions	-	24,039,080	-	-	10,947,620	696,612	322,849	100,639	3,894,879	712,720	485,000	41,199,399
Disposals	-	-	-	(10,050)	(308,000)	(723,006)	-	-	-	-	-	(1,041,056)
At 31 December 2016	6,816,000	44,352,080	21,854,809	57,665	70,770,528	8,293,296	3,238,462	841,170	8,245,979	11,461,525	1,847,000	177,778,514
Additions	-	12,035,584	-	1,200,136	13,674,992	95,026	516,547	221,325	1,904,956	-	-	29,648,566
Disposals	-	-	-	-	-	(4,543)	-	-	-	-	-	(4,543)
Reclassification	-	-	10,500,000	961,525	1,847,000	-	-	-	-	(11,461,525)	(1,847,000)	-
At 31 December 2017	6,816,000	56,387,664	32,354,809	2,219,326	86,292,520	8,383,779	3,755,009	1,062,495	10,150,935	-	-	207,422,537

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold lands RM	Leasehold lands RM	Buildings RM	Electrical installation RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Building under construction RM	Plant and machinery under installation RM	Total RM
Group												
Accumulated depreciation and impairment losses												
At 1 January 2016	-	1,146,471	2,164,390	50,505	46,870,018	3,431,919	1,408,295	433,389	1,872,829	-	-	57,377,816
Depreciation for the financial year	-	520,545	459,096	111	4,302,762	1,109,240	239,041	45,992	524,914	-	-	7,201,701
Disposals	-	-	-	-	(307,996)	(660,779)	-	-	-	-	-	(968,775)
At 31 December 2016	-	1,667,016	2,623,486	50,616	50,864,784	3,880,380	1,647,336	479,381	2,397,743	-	-	63,610,742
Depreciation for the financial year	-	768,596	809,096	294,980	5,880,278	1,097,589	268,761	60,034	727,414	-	-	9,906,748
Disposals	-	-	-	-	-	(4,542)	-	-	-	-	-	(4,542)
At 31 December 2017	-	2,435,612	3,432,582	345,596	56,745,062	4,973,427	1,916,097	539,415	3,125,157	-	-	73,512,948
Carrying amount												
At 31 December 2016	6,816,000	42,685,064	19,231,323	7,049	19,905,744	4,412,916	1,591,126	361,789	5,848,236	11,461,525	1,847,000	114,167,772
At 31 December 2017	6,816,000	53,952,052	28,922,227	1,873,730	29,547,458	3,410,352	1,838,912	523,080	7,025,778	-	-	133,909,589

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the aggregate costs of property, plant and equipment acquired by means of:

	Group	
	2017 RM	2016 RM
Purchase of property, plant and equipment	29,648,566	41,199,399
Financed by:		
- term loans	-	(1,196,565)
Cash payments on purchase of property, plant and equipment	29,648,566	40,002,834

(b) Assets pledged as security

The carrying amounts of property, plant and equipment pledged as securities for loans and borrowings as disclosed in Note 16 to the financial statements are as follows:

	Group	
	2017 RM	2016 RM
Buildings	15,778,125	5,754,745
Freehold lands	6,326,000	6,326,000
Building under construction	-	10,851,134
	22,104,125	22,931,879

(c) Lease period for leasehold lands

Leasehold lands consisting of lands with unexpired lease period of more than 50 years.

6. INVESTMENT PROPERTIES

	Group 2017 RM	2016 RM
At cost		
At 1 January 31 December	445,000	445,000
Accumulated depreciation		
At 1 January	53,400	44,500
Depreciation for the financial year	8,900	8,900
At 31 December	62,300	53,400
Carrying amount	382,700	391,600
Fair value	761,000	868,000

The Group's investment properties with carrying amount of RM81,700 (2016: RM83,600) and RM301,000 (2016: RM308,000) are held under freehold and leasehold with unexpired lease period of more than 50 years respectively.

Direct operating expenses recognised in profit or loss in respect of investment properties amounted to RM2,875 (2016: RM4,211).

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Group Level 3 RM	Total RM
2017				
Investment properties	-	761,000	-	761,000
2016				
Investment properties	-	868,000	-	868,000

There were no transfers between Level 1 and Level 3 during the financial year ended 31 December 2017 and 31 December 2016.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1. The fair value of the Group's buildings is determined based on sales comparison approach. The most significant inputs into this valuation approach is price per square foot.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. INTANGIBLE ASSET

	Group 2017 RM	Group 2016 RM
Trademark		
At cost		
At 1 January/31 December	89,000	89,000
Accumulated amortisation		
At 1 January	88,999	88,945
Amortisation for the financial year	-	54
At 31 December	88,999	88,999
Carrying amount	1	1

8. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
Unquoted shares - at cost	40,933,094	40,933,094

The details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of subsidiaries	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
United U-LI (M) Sdn. Bhd.	100	100	Manufacturing of and dealing in cable support systems, integrated ceiling systems, steel roof battens and related industrial metal products
United U-LI Steel Service Centre Sdn. Bhd.	100	100	Provision of slitting and shearing services and trading of industrial hardware
Cable-Tray Industries (Malaysia) Sdn. Bhd.	100	100	Manufacturing of and dealing in all types of cable trunking and related industrial metal products
Gabung Mekar Sdn. Bhd.	100	100	Investment holding
United U-LI Building Materials Sdn. Bhd.	100	100	Manufacturing of and trading in integrated ceiling systems, steel roof battens and building materials
United U-LI Goodlite Sdn. Bhd.	100	100	Manufacturing of and trading in electrical lighting and fittings products
U-LI Goodlite Marketing Sdn. Bhd.	100	100	Trading in electrical lighting and fitting products

9. OTHER INVESTMENTS

	Group 2017 RM	Group 2016 RM
At fair value through profit or loss		
At 1 January	3,033,266	-
Additions	-	3,000,000
Fair value gain	99,529	33,266
At 31 December	3,132,795	3,033,266

10. INVENTORIES

	Group 2017 RM	Group 2016 RM
At cost or net realisable value		
Raw materials	52,530,780	34,066,904
Consumables	5,510,189	1,897,912
Work-in-progress	11,932,001	5,371,534
Finished goods	24,876,696	13,469,994
	94,849,666	54,806,344

During the financial year, the cost of inventories recognised as expenses in the Group amounted to RM108,145,670 (2016: RM102,792,690).

In the previous financial year, the Group had written down inventories amounted to RM83,871 and was included in expenses.

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade receivables	(a)	81,008,484	73,993,061	-	-
Less: Allowance for impairment		(647,141)	(871,555)	-	-
Trade receivables, net		80,361,343	73,121,506	-	-
Other receivables					
Amount owing by subsidiaries	(b)	-	-	70,602,942	75,682,489
Deposits	(c)	1,816,654	3,294,237	-	-
Other receivables		45,190	32,511	-	-
GST refundable		492,167	1,151,122	-	-
		2,354,011	4,477,870	70,602,942	75,682,489
Total trade and other receivables		82,715,354	77,599,376	70,602,942	75,682,489
Total trade and other receivables *		82,223,187	76,448,254	70,602,942	75,682,489
Add: Fixed deposits placed with licensed banks		13,725,832	38,977,701	-	-
Cash and bank balances		29,581,504	44,136,465	1,542,060	1,505,502
Total loans and receivables		125,530,523	159,562,420	72,145,002	77,187,991

* Excluded GST refundable

(a) Trade receivables

The Group's normal trade credit terms range from 30 to 150 days (2016: 30 to 150 days). Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure profile of trade receivables is as follows:

	Group 2017 RM	Group 2016 RM
Brunei Dollar	4,829	103,371
Qatari Rial	109,434	-
Singapore Dollar	8,882,881	12,778,081
US Dollar	2,469,253	866,245
	11,466,397	13,747,697

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Ageing analysis of the Group's trade receivables are as follows:

	Group 2017 RM	2016 RM
Neither past due nor impaired	16,710,580	17,001,543
1 to 30 days past due not impaired	18,066,964	19,354,996
31 to 60 days past due not impaired	18,004,756	13,795,911
61 to 90 days past due not impaired	13,657,740	13,095,322
More than 90 days past due not impaired	13,921,303	9,873,734
	63,650,763	56,119,963
Impaired	647,141	871,555
	81,008,484	73,993,061

<u>Receivables that are neither past due nor impaired</u>

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounted to RM63,650,763 (2016: RM56,119,963) that are past due but not impaired and are unsecured in nature. These receivables relate to customers whom there is no objective evidence that the receivables are not fully recoverable. No impairment has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting period are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Individually impaired		
Trade receivables	647,141	871,555
Less: Allowance for impairment	(647,141)	(871,555)
	-	-

Movements in the allowance for impairment account are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At 1 January	871,555	1,038,246
Allowance for the financial year	83,148	44,026
Reversal of impairment losses	(307,562)	(210,717)
At 31 December	647,141	871,555

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.

(b) Amount owing by subsidiaries

The amount owing by subsidiaries is unsecured, interest free, repayable on demand and is expected to be settled in cash.

(c) Deposits

Included in deposits of the Group are deposits paid to suppliers for acquisition of machinery and a piece of leasehold land amounted to RM1,259,756 (2016: RM1,755,556) and Nil (2016: RM1,083,203) respectively. The balance of the purchase consideration is disclosed as a capital commitment in Note 26 to the financial statements.

12. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group earn weighted average effective interest rate at 2.80% (2016: 2.80% to 3.78%) per annum and have maturity period within 3 months (2016: 3 months).

13. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares unit	Amount RM	Number of shares unit	Amount RM
Issued and fully paid:				
At the beginning of the financial year	145,200,000	72,600,000	145,200,000	72,600,000
Effect from adoption of Companies Act 2016	-	39,600,000	-	-
At the end of the financial year	145,200,000	112,200,000	145,200,000	72,600,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The new Companies Act 2016, which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

14. RETAINED PROFITS

The entire retained profits of the Company as at 31 December 2017 may be distributed as dividends under the single tier system.

15. DEFERRED TAX LIABILITIES

	Group	
	2017 RM	2016 RM
At 1 January	2,403,923	1,595,294
Recognised in the profit or loss (Note 22)	1,009,821	808,629
At 31 December	3,413,744	2,403,923

The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM	Total RM
Group		
Deferred tax liabilities		
At 1 January 2016	1,595,294	1,595,294
Recognised in the profit or loss	808,629	808,629
At 31 December 2016	2,403,923	2,403,923
Recognised in the profit or loss	1,009,821	1,009,821
At 31 December 2017	3,413,744	3,413,744

16. LOANS AND BORROWINGS

	Maturity	Group 2017 RM	Group 2016 RM
Current			
Secured			
Bank overdrafts	2018	1,824,180	-
Bankers' acceptances	2018	39,006,000	27,259,000
Term loans	2018	840,000	517,799
		41,670,180	27,776,799
Non-current			
Secured			
Term loans	2019/2024	5,948,182	7,040,383
Total loans and borrowings		47,618,362	34,817,182

(a) Bankers' acceptances

The bankers' acceptances are secured by way of:

(i) legal charges over land and buildings of the subsidiaries as disclosed in Note 5(b) to the financial statements;
(ii) corporate guarantee by the Company; and
(iii) negative pledge on all assets of a subsidiary.

(b) Term loans

	Group 2017 RM	Group 2016 RM
Current		
- not later than one year	840,000	517,799
Non-current		
- later than one year but not later than two years	840,000	541,048
- later than two years but not later than five years	2,520,000	1,773,308
- later than five years	2,588,182	4,726,027
	5,948,182	7,040,383
	6,788,182	7,558,182

Term loan of a subsidiary amounted to RM6,788,182 (2016: RM7,558,182) bears interest at 4.40% (2016: 4.40%) per annum and is repayable by monthly instalments of RM70,000 over 120 instalments commencing of the following month from the date of full drawdown or upon expiry of the availability period, whichever is the earlier and is secured and supported as follows:

(i) legal charges over a factory as disclosed in Note 5(b);
(ii) debenture of fixed and floating charge over the equipment and the project; and
(iii) corporate guarantee by the Company.

17. TRADE AND OTHER PAYABLES

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current					
Trade payables	(a)	20,690,137	16,994,017	-	-
Other payables					
Accruals		1,836,859	1,834,433	410,675	441,150
Other payables	(b)	4,566,740	8,008,099	9,302	4,365,302
		6,403,599	9,842,532	419,977	4,806,452
Total trade and other payables		27,093,736	26,836,549	419,977	4,806,452
Total trade and other payables		27,093,736	26,836,549	419,977	4,806,452
Add: Loans and borrowings (Note 16)		47,618,362	34,817,182	-	-
Total financial liabilities carried at amortised cost		74,712,098	61,653,731	419,977	4,806,452

(a) Trade payables

The normal trade payables credit terms granted to the Group range from 15 to 120 days (2016: 15 to 120 days).

The foreign currency exposure profile of trade payables is as follows:

	Group 2017 RM	Group 2016 RM
Singapore Dollar	476,550	337,939
US Dollar	3,471,570	2,379,107
Euro Dollar	-	63,313
	3,948,120	2,780,359

(b) Other payables

Included in other payables of the Group in the previous financial year is an amount of RM4,356,000 being the interim dividend payable to shareholders.

18. REVENUE

Revenue of the Group and the Company consists of the following:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sale of goods	199,962,136	201,072,328	-	-
Dividend income	-	-	4,356,000	17,424,000
	199,962,136	201,072,328	4,356,000	17,424,000

19. COST OF SALES

Cost of sales represents the direct costs attributable to goods produced and sold by the Group.

20. FINANCE COSTS

	Group	
	2017	2016
	RM	RM
Interest expenses:		
- bank overdrafts	37,104	-
- bankers' acceptances	1,696,457	1,026,590
- term loans	294,717	358,686
	2,028,278	1,385,276

21. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Amortisation of intangible assets	-	54	-	-
Auditors' remuneration				
- current year	114,200	103,000	30,000	30,000
- prior year	16,400	13,000	-	-
Bad debts written off	-	93,697	-	-
Casual wages, bonuses and allowances	12,360,976	12,580,321	-	-
Depreciation of:				
- property, plant and equipment	9,906,748	7,201,701	-	-
- investment properties	8,900	8,900	-	-
Directors' remuneration	7,194,834	6,886,453	406,574	433,800
Impairment loss on receivables	83,148	44,026	-	-

21. PROFIT BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax (Continued):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Net loss on unrealised foreign exchange	1,067,005	202,229	-	-
Rental of premises:				
- paid/payable to directors	25,200	25,200	-	-
- others	426,618	251,090	-	-
Rental of office equipment	76,446	68,044	-	-
Staff costs:				
- salaries, allowances and bonuses	11,041,473	7,831,908	-	-
- Employees' Provident Fund	1,444,016	2,248,291	-	-
- SOCSO	164,671	196,456	-	-
- other staff related costs	846,232	460,188	-	-
Inventories written down	-	83,871	-	-
Reversal of impairment loss on receivables	(307,562)	(210,717)	-	-
Net gain on realised foreign exchange	(1,857,719)	(75,263)	-	-
Net gain on disposal of property, plant and equipment	(754)	(180,901)	-	-
Interest income	(634,828)	(1,825,175)	-	-
Fair value gain on other investments	(99,529)	(33,266)	-	-
Dividend income from a subsidiary	-	-	(4,356,000)	(17,424,000)

22. INCOME TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current income tax				
- current year	7,137,448	10,491,916	-	-
- prior years	63,754	1,063,215	-	-
	7,201,202	11,555,131	-	-
Deferred tax (Note 15)				
- current year	981,663	738,692	-	-
- prior years	28,158	69,937	-	-
	1,009,821	808,629	-	-
	8,211,023	12,363,760	-	-

Income tax is calculated at the Malaysian statutory rate of 24% (2016: 24%) of the estimated assessable profit for the fiscal year.

22. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	27,352,317	43,482,496	3,703,177	16,746,860
Tax at applicable tax rate of 24% (2016: 24%)	6,564,556	10,435,799	888,762	4,019,246
Tax effects arising from:				
- non-deductible expenses	1,515,940	911,375	156,678	162,514
- non-taxable income	(23,888)	(59,860)	(1,045,440)	(4,181,760)
- origination/(reversal) of deferred tax assets not recognised in the financial statements	62,503	(56,706)	-	-
- under provision of current tax in prior years	91,912	1,133,152	-	-
Income tax expense for the financial year	8,211,023	12,363,760	-	-

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	121,691	63,697	-	-
Unabsorbed tax losses	2,366,586	2,164,147	-	-
	2,488,277	2,227,844	-	-
Potential deferred tax assets not recognised at 24% (2016: 24%)	597,186	534,683	-	-

23. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares on issue during the financial year.

	Group	
	2017 RM	**2016 RM**
Profit for the financial year, net of tax	19,141,294	31,118,736
Weighted average number of ordinary shares on issue	145,200,000	145,200,000
Basic earnings per share	13.18	21.43

(b) Diluted

The basic and diluted earnings per ordinary share are equal as the Group has no dilutive potential ordinary shares.

24. DIVIDENDS

	Group	
	2017 RM	**2016 RM**
Recognised during the financial year:		
Fourth interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2015	-	4,356,000
First interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2016	-	4,356,000
Second interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2016	-	4,356,000
Third interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2016	-	4,356,000
Fourth interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2016	4,356,000	-
	4,356,000	17,424,000

25. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:

(i) Direct subsidiaries; and
(ii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividends received/receivable from a subsidiary - United U-LI (M) Sdn. Bhd.	-	-	4,356,000	17,424,000
Rental of premises paid/ payable to directors, namely Tan Sri Dato' Wira Lee Yoon Wah, Dato' Lee Yoon Kong, and Puan Sri Datin Wira Lim Pki Fong (spouse of Tan Sri Dato' Wira Lee Yoon Wah)	25,200	25,200	-	-
Salaries and other related expenses paid/payable to persons related to certain directors	140,348	216,771	-	-

25. RELATED PARTIES (CONTINUED)

(c) Key management personnel remuneration

The remuneration of directors and other members of key management during the financial year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employee benefits	6,631,851	6,316,279	406,574	433,800
Employees' Provident Fund	1,033,420	978,380	-	-
	7,665,271	7,294,659	406,574	433,800

Other members of key management personnel comprise persons other than directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
- salaries	5,758,093	5,469,913	7,500	7,000
- fees	144,000	144,000	144,000	144,000
- other emoluments	974,667	926,740	-	-
	6,876,760	6,540,653	151,500	151,000
- benefits-in-kind	66,650	66,650	-	-
	6,943,410	6,607,303	151,500	151,000
Non-executive:				
- fees	293,000	321,000	230,000	258,000
- allowances	25,074	24,800	25,074	24,800
	318,074	345,800	255,074	282,800
Total	7,261,484	6,953,103	406,574	433,800
Total directors' remuneration	7,194,834	6,886,453	406,574	433,800
Total estimated money value of benefits-in-kind	66,650	66,650	-	-
	7,261,484	6,953,103	406,574	433,800

25. RELATED PARTIES (CONTINUED)

(c) Key management personnel remuneration (Continued)

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	
	2017	**2016**
Executive directors:		
RM1,000,000 and below	1	1
RM1,000,001- RM2,000,000	-	-
RM2,000,001- RM3,000,000	1	1
RM3,000,001- RM4,000,000	1	1
Non-executive directors:		
RM50,000 and below	3	3
RM50,001- RM100,000	1	1
RM100,001- RM150,000	1	1

26. CAPITAL COMMITMENTS

	Group	
	2017 RM	**2016 RM**
Capital expenditure approved and contracted for:		
- purchase of machinery	628,343	2,802,745
- plant and machinery under installation	31,715	-
- leasehold land	-	9,748,823

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

The following are classes of financial instruments that are measured on an ongoing basis either at fair value or at amortised cost.

	Note
Financial assets (current)	
Other investments	9
Trade and other receivables	11
Fixed deposits placed with licensed banks	12
Cash and bank balances	
Financial liabilities (current)	
Trade and other payables	17
Loans and borrowings (floating rate)	16
Financial liability (non-current)	
Loans and borrowings (floating rate)	16

Except for other investments, the carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the end of reporting period.

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
Financial asset					
2017					
Other investments	3,132,795	-	-	3,132,795	3,132,795
2016					
Other investments	3,033,266	-	-	3,033,266	3,033,266

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company seek to manage effectively various risks namely credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk to which the Group and the Company are exposed to in its daily operations.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

(i) Exposure to credit risk

At the end of reporting period, 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.

(ii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of reporting period are as follows:

	Group			
	2017		2016	
	RM	% of total	RM	% of total
By country:				
Malaysia	68,894,946	86%	59,373,809	81%
Singapore	8,882,881	11%	12,778,081	18%
Middle East	2,469,253	3%	866,245	1%
Others	114,263	0%	103,371	0%
	80,361,343	100%	73,121,506	100%

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(iii) Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable banks with high credit ratings and no history of default.

(iv) Financial assets that are past due but not impaired.

Information regarding financial assets that are past due but not impaired is disclosed in Note 11 to the financial statements.

(v) Amount owing by subsidiaries

The amount owing by subsidiaries is unsecured, interest free, repayable on demand and expected to be settled in cash. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(vi) Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans and borrowings granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM139,376,000 (2016: RM94,726,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 28(b) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	Carrying amount RM	Contractual undiscounted cash flow RM	On demand or within one year RM	One to five years RM	Over five years RM
Financial liabilities					
2017					
Group					
Trade and other payables	27,093,736	27,093,736	27,093,736	-	-
Loans and borrowings	47,618,362	48,769,220	41,951,920	4,117,360	2,699,940
	74,712,098	75,862,956	69,045,656	4,117,360	2,699,940
Company					
Other payables and accruals	419,977	419,977	419,977	-	-
Financial guarantee contracts	-	139,376,000	139,376,000	-	-
	419,977	139,795,977	139,795,977	-	-
2016					
Group					
Trade and other payables	26,836,549	26,836,549	26,836,549	-	-
Loans and borrowings	34,817,182	36,327,202	28,414,620	4,252,880	3,659,702
	61,653,731	63,163,751	55,251,169	4,252,880	3,659,702
Company					
Other payables and accruals	4,806,452	4,806,452	4,806,452	-	-
Financial guarantee contracts	-	94,726,000	94,726,000	-	-
	4,806,452	99,532,452	99,532,452	-	-

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

During the financial year, the Group is exposed to foreign currency risk on transactions that are denominated in currencies other than Ringgit Malaysia. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), United States Dollar ("USD"), Qatari Rial ("QAR"), Brunei Dollar ("BND") and Euro ("EUR").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The financial assets and financial liabilities of the Group that are not denominated in their functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

The following table demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in the exchange rates of BND, EUR, QAR, SGD and USD against the functional currency of the Group, with all the other variables held constant.

		Group	
		2017 RM Profit for the year	**2016 RM Profit for the year**
BND/RM	- strengthened 3% (2016: 3%)	145	3,101
	- weakened 3% (2016: 3%)	(145)	(3,101)
EUR/RM	- strengthened 3% (2016: 3%)	-	1,899
	- weakened 3% (2016: 3%)	-	(1,899)
QAR/RM	- strengthened 3% (2016: 3%)	3,283	-
	- weakened 3% (2016: 3%)	(3,283)	-
SGD/RM	- strengthened 3% (2016: 3%)	252,189	373,204
	- weakened 3% (2016: 3%)	(252,189)	(373,204)
USD/RM	- strengthened 3% (2016: 3%)	30,070	45,386
	- weakened 3% (2016: 3%)	(30,070)	(45,386)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from fixed deposits placed with licensed banks and loans and borrowings. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

	Effective Interest Rate %	Within one year RM	One to five years RM	More than five years RM	Total RM
Group					
2017					
Financial asset					
Fixed deposits placed with licensed banks	2.80	13,725,832	-	-	13,725,832
Financial liabilities					
Bank overdrafts	4.75	1,824,180	-	-	1,824,180
Bankers' acceptances	3.08 - 5.00	39,006,000	-	-	39,006,000
Term loans	4.40	840,000	3,360,000	2,588,182	6,788,182
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.80 - 3.78	38,977,701	-	-	38,977,701
Financial liabilities					
Bankers' acceptances	4.11 - 5.70	27,259,000	-	-	27,259,000
Term loans	4.40	517,799	2,314,356	4,726,027	7,558,182

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 0.25% (2016: 1%) higher/lower, with all other variables held constant, the Group's profit before tax would have been RM119,046 (2016: RM348,171) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate of loans and borrowings. The assumed movement in the percentage for interest rate sensitivity analysis is based on the currently observable market environment.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to commodity price risk which affects the price of raw materials used in the operations.

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price of the Group's products and purchase prices of the key raw materials used in the operations. The directors conduct constant survey of the global market price and trend in order to determine the selling price.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capitals ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group includes within total debts, trade and other payables and loans and borrowings.

The gearing ratio of the Group and of the Company is as follows:

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Trade and other payables	17	27,093,736	26,836,549	419,977	4,806,452
Loans and borrowings	16	47,618,362	34,817,182	-	-
Total debts		74,712,098	61,653,731	419,977	4,806,452
Equity attributable to owners of the Company		285,278,335	270,493,041	112,544,679	113,197,502
Capital and total debts		359,990,433	332,146,772	112,964,656	118,003,954
Gearing ratio		20.8%	18.6%	0.4%	4.1%

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Board of Directors of the Company has proposed to undertake a bonus issue of 72,600,000 Bonus Shares on the basis of 1 Bonus Share for every 2 existing shares held on 27 February 2018. The proposal has been approved by Bursa Malaysia Securities Berhad on 30 March 2018.

31. OPERATING SEGMENTS

General information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:

(a) Investment Holding;
(b) Cable Support Systems; and
(c) Electrical Lighting and Fittings

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

There are varying levels of integration between Cable Support Systems reportable segments and the Electrical Lighting and Fittings reportable segments. This integration includes transfer of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on negotiated basis.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment profit or loss is profit earned or loss incurred by each segment with allocation of interest income, depreciation, interest expense, tax expense and other non-cash expenses. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments other than deferred tax liabilities.

31. OPERATING SEGMENTS (CONTINUED)

	Investment Holding RM	Cable Support Systems RM	Electrical Lighting and Fittings RM	Adjustments and Eliminations RM	Note	Consolidated Financial Statements RM
2017						
Revenue						
External customers	-	159,547,700	40,414,436	-		199,962,136
Inter-segment	4,675,200	4,129,435	15,374,394	(24,179,029)	(a)	-
Total revenue	4,675,200	163,677,135	55,788,830	(24,179,029)		199,962,136
Results						
Dividend income	4,356,000	-	-	(4,356,000)		-
Interest income	-	485,918	148,910	-		634,828
Depreciation on investment properties and property, plant and equipment	-	(9,436,033)	(440,170)	(39,445)	(b)	(9,915,648)
Interest expense	-	(1,970,056)	(58,222)	-		(2,028,278)
Income tax expense	(55,700)	(6,514,551)	(1,640,772)	-		(8,211,023)
Other non-cash (expenses)/income	-	(968,757)	126,920	-	(c)	(841,837)
Segment results	(476,793)	21,673,427	6,195,128	(39,445)	(d)	27,352,317
Assets						
Additions to property, plant and equipment	-	29,057,047	591,519	-		29,648,566
Segment assets	116,731,241	347,625,394	63,820,060	(164,117,229)	(e)	364,059,466
Liabilities						
Segment liabilities	1,325,695	165,012,568	35,214,920	(122,772,052)	(e)	78,781,131

31. OPERATING SEGMENTS (CONTINUED)

	Investment Holding RM	Cable Support Systems RM	Electrical Lighting and Fittings RM	Adjustments and Eliminations RM	Note	Consolidated Financial Statements RM
2016						
Revenue						
External customers	-	167,597,377	33,474,951	-		201,072,328
Inter-segment	17,743,200	5,623,898	16,358,821	(39,725,919)	(a)	-
Total revenue	17,743,200	173,221,275	49,833,772	(39,725,919)		201,072,328
Results						
Dividend income	17,424,000	-	-	(17,424,000)		-
Interest income	-	1,664,449	160,726	-		1,825,175
Depreciation on investment properties and property, plant and equipment	-	(6,782,269)	(388,887)	(39,445)	(b)	(7,210,601)
Interest expense	-	(1,342,929)	(42,347)	-		(1,385,276)
Income tax expense	(49,527)	(11,601,929)	(712,304)	-		(12,363,760)
Other non-cash (expenses)/income	-	(335,358)	367,617	-	(c)	32,259
Segment results	(491,128)	40,838,729	3,174,340	(39,445)	(d)	43,482,496
Assets						
Additions to property, plant and equipment	-	40,922,153	277,246	-		41,199,399
Segment assets	121,598,002	334,227,133	57,363,201	(178,129,278)	(e)	335,059,058
Liabilities						
Segment liabilities	5,659,963	162,417,178	3,312,417	(136,823,541)	(e)	64,566,017

30. OPERATING SEGMENTS (CONTINUED)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

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

(b) Depreciation charged on the investment properties from a subsidiary company being recognised as property, plant and equipment on consolidation.

(c) Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

		Group	
	Note	**2017 RM**	**2016 RM**
Impairment loss on receivables	11(a)	(83,148)	(44,026)
Amortisation of intangible asset	7	-	(54)
Bad debts written off		-	(93,697)
Inventories written down		-	(83,871)
Reversal of impairment loss on receivables	11(a)	307,562	210,717
Net gain on disposal of property, plant and equipment		754	180,901
Net loss on unrealised foreign exchange		(1,067,005)	(202,229)
		(841,837)	(32,259)

(d) The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statements of comprehensive income:

	Group	
	2017 RM	**2016 RM**
Depreciation on property, plant and equipment	(39,445)	(39,445)

(e) Inter-segment balances and investment in subsidiaries are eliminated on consolidation.

Geographical segments

The Group's business segments operate substantially from Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer is located.

	Revenue		Total assets		Capital expenditure	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Malaysia	172,661,386	160,963,529	352,593,069	321,311,361	29,648,566	41,199,399
Overseas	27,300,750	40,108,799	11,466,397	13,747,697	-	-
	199,962,136	201,072,328	364,059,466	335,059,058	29,648,566	41,199,399

STATEMENT BY DIRECTORS

(Pursuant to Section 251 (2) of the Companies Act 2016)

We, **TAN SRI DATO' WIRA LEE YOON WAH** and **DATO' LEE YOON KONG**, being two of the directors of UNITED U-LI CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 54 to 114 are properly 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

....

TAN SRI DATO' WIRA LEE YOON WAH
Director

....

DATO' LEE YOON KONG
Director

Petaling Jaya

Date: 17 April 2018

STATUTORY **DECLARATION**

(Pursuant to Section 251 (1) of Companies Act 2016)

I, **CHOONG CHEE YEONG**, being the officer primarily responsible for the financial management of UNITED U-LI CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 54 to 114 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....

CHOONG CHEE YEONG
MIA No. 18396

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the state of Selangor Darul Ehsan on 17 April 2018.

Before me,

....

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED U-LI CORPORATION BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United U-LI Corporation Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of 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 54 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and 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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Inventories (Note 4.1 and Note 10 to the financial statements)

The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:
- observing physical inventory count to observe physical existence and condition of the finished goods and review the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected inventory items; and
- reviewing whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

Trade receivables (Note 4.2 and Note 11 to the financial statements)

We focused on this area because the directors made complex and subjective judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The receivables are monitored individually and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:
- understanding of significant credit exposures which were significantly overdue through ageing reports and any other collection reports;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and explanation from the Group on recoverability with significantly past due balances; and
- reviewing the impairment charges for identified credit exposures.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the 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 does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

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:

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

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

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

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 17 April 2018

PROPERTIES OF THE GROUP

Company/ Location	Description/ Existing use	Land Area/ Built-up Area	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Revaluation/ Acquisition
United U-LI (M) Sdn. Bhd.						
Lot 5 (PT7907) Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	43,666 Sq.ft/ 40,881 Sq.ft	99 years expiring on 11 October 2091	24	3,213	31.12.2015 Revalued
No. 33, Jalan Kartunis U1/47, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	Semi-Detached Factory/ Office used	9,601 Sq.ft/ 8,392 Sq. ft	Freehold	18	3,588	31.12.2015 Revalued
No. 29, Jalan Taming 7, Taman Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.	Terrace Factory/ Store	2,000 Sq.ft/ 2,500 Sq.ft	Freehold	24	386	31.12.2015 Revalued
No. 43, Jalan Kamunting 1, Bukit Sentosa, 48300 Serendah, Selangor Darul Ehsan.	Terrace Factory/ Vacant	1,600 Sq.ft/ 1,300 Sq.ft	Freehold	21	29	31.12.2015 Revalued
No. 25, Jalan Taming 5, Taman Taming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.	Terrace Factory/ Factory used	13,500 Sq.ft/ 13,120 Sq.ft	Freehold	14	1,730	31.12.2015 Revalued
No. 27, Jalan Taming 5, Taman Taming Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.	Terrace Factory/ Factory used	13,500 Sq.ft/ 14,806 Sq.ft	Freehold	14	1,816	31.12.2015 Revalued
Unit B21-09, Desa Bistari Apartment, No. 3, Lindang Pantai Jerjak, 11700 Pulau Pinang.	Apartment/ Vacant	700 Sq.ft	Freehold	14	82	31.12.2015 Revalued
No. 102, Jalan Perigi Nanas 8/10, Section 12 (Phase 1B), Pulau Indah Industrial Park, West Port, 42920 Port Klang, Selangor Darul Ehsan.	Terrace Factory/ Vacant	2,400 Sq.ft/ 3,300 Sq.ft	99 years expiring on 30 March 2097	13.5	230	31.12.2015 Revalued
Lot 7, Jalan 6/1, Kawasan Perindustrian Seri Kembangan, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	185,716 Sq.ft/ 181,702 Sq.ft	84 years expiring on 10 January 2089	12	14,151	31.12.2015 Revalued

Company/ Location	Description/ Existing use	Land Area/ Built-up Area	Tenure	Age of Building (years)	Net Book Value RM'000	Date of Revaluation/ Acquisition
Lot No. 120, Floor No. L23, Type S3, Resort Suites @ Pyramid Tower, Bandar Sunway, Selangor Darul Ehsan.	Condominium/ Vacant	452 Sq.ft	99 years expiring on 21 February 2102	13	301	31.12.2015 Revalued
Lot No. PT 1481, Jalan Emas 1, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Factory/ Factory used	355,564 Sq ft/ 73,969 Sq ft	99 years expiring on 19 August 2089	26	22,766	31.12.2015 Revalued
Lot 761, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Industrial Land/ Vacant	469,468 Sq ft	99 years expiring on 20 August 2089	-	23,116	07.01.2016 Acquired
Lot 750, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.	Industrial Land/ Vacant	376,116 Sq ft	99 years expiring on 19 August 2089	-	12,219	26.01.2017 Acquired
Gabung Mekar Sdn. Bhd.						
Lot 17045, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.	Factory/ Factory used	38,118 Sq.ft/ 37,428 Sq.ft	99 years expiring on 11 October 2091	24	2,327	31.12.2015 Revalued
United U-LI Goodlite Sdn. Bhd.						
No. 44, Jalan Cetak, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.	Factory/ Factory used	131,282 Sq.ft/ 108,571 Sq.ft	99 years expiring on 20 March 2066	45	3,386	31.12.2015 Revalued
United U-LI Building Materials Sdn. Bhd.						
1, Jalan Seroja 54, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Workshop/ Warehouse	9,408 Sq.ft/ 10,204 Sq.ft	Freehold	10.5	1,130	31.12.2015 Revalued

SHAREHOLDERS' INFORMATION

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2018

No.	Names	No. of shares	% of Holdings
1.	Pearl Deal (M) Sdn. Bhd.	54,000,000	37.19
2.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Kidsave Trust	5,099,400	3.51
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,659,100	3.21
4.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 14)	4,392,400	3.03
5.	Dato' Lee Yoon Kong	3,858,246	2.66
6.	Tan Sri Dato' Wira Lee Yoon Wah	3,709,248	2.55
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHB Inv)	3,168,700	2.18
8.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	2,670,400	1.84
9.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad – Kenanga Growth Fund	2,470,100	1.70
10.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ting Siew Pin (CEB)	2,149,600	1.48
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	2,114,800	1.46
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ting Siew Pin (8118995)	2,106,700	1.45
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentsmy Focus Fund	1,669,600	1.15
14.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	1,650,800	1.14
15.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Private Fund – Series 3	1,639,000	1.13

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2018 (CONTINUED)

No.	Names	No. of shares	% of Holdings
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Affin Am B Eq)	1,493,400	1.03
17.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Equity Trust	1,319,400	0.91
18.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	1,283,800	0.88
19.	Maybank Nominees (Tempatan) Sdn. Bhd. National Trust Fund (IFM Kenanga)	1,233,900	0.85
20.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	1,122,600	0.77
21.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Smart Balanced Fund	1,079,300	0.74
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Tan Yok Hua	1,000,000	0.69
23.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Smart Income Fund	875,100	0.60
24.	Chor Wan Yoke	799,000	0.55
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	798,700	0.55
26.	Goh Thong Beng	793,900	0.55
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	775,000	0.53
28.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)	726,500	0.50
29.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Malaysia Dividend Fund	687,200	0.47
30.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ting Siew Pin (8059095)	645,600	0.44

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 MARCH 2018

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholders
1 – 99	149	9.20	1,996	0.00
100 – 1,000	423	26.13	157,698	0.11
1,001 – 10,000	656	40.52	2,981,428	2.05
10,001 – 100,000	275	16.99	9,009,684	6.21
100,001 – 7,259,999*	115	7.10	79,049,194	54.44
7,260,000 and above**	1	0.06	54,000,000	37.19
TOTAL	**1,619**	**100.00**	**145,200,000**	**100.00**

* Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 30 MARCH 2018

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Pearl Deal (M) Sdn Bhd	54,000,000	37.19

SHAREHOLDERS WITH HOLDINGS OF 5% AND ABOVE AS AT 30 MARCH 2018

No.	Names of Substantial	Direct Interest No. of Share Hold	%	Deemed Interest No. of Shares Held	%
1.	Pearl Deal (M) Sdn. Bhd. ("PDSB")	54,000,000	37.19	-	-
2.	Tan Sri Dato' Wira Lee Yoon Wah	4,261,848	2.94	54,000,000#	37.19
3.	Dato' Lee Yoon Kong	3,867,246	2.66	54,000,000#	37.19

 # Deemed interest through PDSB

NOTICE TO THE 18th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Eighteenth Annual General Meeting (18th AGM)** of the Company will be held at **Glenmarie Ballroom A, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan** on **Thursday, 31st May 2018 at 10.00 a.m.** for the following purposes: -

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31st December 2017 together with the Reports of the Directors and the Auditors thereon.	(Please refer to item 1 of the Explanatory Notes
2.	To approve the payment of Directors' fees of RM374,000 for the financial year ended 31st December 2017.	(Ordinary Resolution 1)
3.	To approve the Non-Executive Directors' Remuneration up to an amount of RM37,500 from 1 January 2018 until the next Annual General Meeting of the Company.	(Ordinary Resolution 2)
4.	To re-elect the following Directors who retire by rotation in accordance with Article 89 of the Company's Constitution: -	
	(a) Teow Lai Seng	(Ordinary Resolution 3)
	(b) Shariff bin Mohd Shah	(Ordinary Resolution 4)
5.	To re-appoint **Messrs Baker Tilly Monteiro Heng** as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **Retention of Independent Non-Executive Directors**

"THAT approval be and is hereby given to retain the following directors who have each served as Independent Directors in accordance with the Malaysian Code on Corporate Governance:

(i)	Chim Wai Khuan	(Ordinary Resolution 6)
(ii)	Tan Sri Dato' Wira Abd Rahman bin Ismail	(Ordinary Resolution 7)
(iii)	Shariff bin Mohd Shah (subject to the passing of Resolution 4)	(Ordinary Resolution 8)

Lokman bin Mansor who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years has given notice that he will not be seeking for re-appointment. Hence he will retain office until the conclusion of this 18th AGM.

7. **Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 of the Companies Act, 2016** (Ordinary Resolution 9)

"THAT pursuant to Section 75 of the Companies Act, 2016, and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad".

8. Any Other Business

To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board
UNITED U-LI CORPORATION BERHAD

KOAY SOO NGOH (MAICSA 0856746)
FOO LI LING (MAICSA 7019557)
Chartered Secretaries

Petaling Jaya
Date: 27 April 2018

NOTES:

1. A member of the Company is entitled to appoint not more than two (2) proxy to attend and vote at a meeting. Where a Member appoints two proxies, the appointments shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy.

2. A proxy need not be a Member of the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the Member to speak at the Meeting.

3. The Instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or the hand of its attorney duly authorised. An instrument appointing a proxy to vote at a Meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint one (1) proxy in respect of each Securities Account it holds with 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 as defined under SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one 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 together with the power of attorney (if any) shall be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before time appointed for holding the Meeting or any adjournment meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Copies of the duly executed form of proxy which are faxed and/or e-mailed to us are not acceptable.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements, all the resolutions at the Eighteenth Annual General Meeting of the Company shall be put to vote by way of poll.

8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 24th May 2018 pursuant to Article 47 (f) and paragraph 7.16(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

9. By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof.

EXPLANATORY NOTES TO THE AGENDA

Item 1 of the Agenda

This item is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require shareholders' approval for the Audited Financial Statements. Therefore, this item will not be put forward for voting.

Item 3 of the Agenda – Ordinary Resolution 2
Non-Executive Directors' Remuneration

Pursuant to Section 230 of CA 2016 which came into force on 31 January 2017, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Company is seeking shareholders' approval on the benefits/emoluments payable to the Non-Executive Directors ("NEDs") for the period commencing 1 January 2018 until the next AGM to be held in 2019 in accordance with the remuneration (excluding Directors' fees) structure set out below, as and when incurred:

Directors	**Meeting Allowances for Board and Board Committees (RM)**	**Other Allowances1 (RM)**	**Total (RM)**
Tan Sri Dato' Wira Abd Rahman bin Ismail	6,300	8,500	14,800
Shariff bin Mohd Shah	9,500	-	9,500
Lokman bin Mansor	3,700	-	3,700
Chim Wai Khuan	9,500	-	9,500

Notes:
1. Other allowances to the NEDs comprising petrol allowances.

Item 6 of the Agenda – Ordinary Resolutions 6, 7, and 8
Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance.

The Nomination Committee has assessed the independence of Chim Wai Khuan, Tan Sri Dato' Wira Abd Rahman bin Ismail and Shariff bin Mohd Shah, who have served as an Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) They fulfilled criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of the object to the Board of Directors.

(ii) They possess vast experience in a diverse range of businesses which enable them to provide a constructive and independent judgement for the interest of the Company.

(iii) They have performed their duty diligently an in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals for the management.

(iv) They have actively participated in board discussion and provided an independent voice on the Board

Item 7 of the Agenda – Ordinary Resolution 9
Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 of the Companies Act, 2016

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. The proposed Resolution 9 if passed, will authorise the directors to issue shares up to 10% of the issued and paid-up capital of the Company for the time being and for such purposes as the directors consider would be in the best interest of the Company.

The purpose for the renewal of a general mandate is to avoid any delay and costs in convening a general meeting and to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding future investment projects, additional working capital etc.

This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 25th May 2017 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

UNITED U-LI CORPORATION BERHAD
(Company No. 510737-H)
(Incorporated in Malaysia)

PROXY **FORM**

Number of Shares held ______ CDS Account No. ______

I/We, ____________________ NRIC/Company No. ____________
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

(Tel No: ____________) of ____________________
(FULL ADDRESS)

being a member/members of UNITED U-LI CORPORATION BERHAD, hereby appoint the following:

Name of Proxy	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or failing him/her		

or failing him/her, the Chairman of the Meeting, as my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth Annual General Meeting ("18th AGM") of the Company to be held at Glenmarie Ballroom A, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on **Thursday, 31 May 2018** at **10.00 a.m.** and at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

Resolution No.	**Resolution**	**For**	**Against**
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the payment of Directors' Fees		
Ordinary Resolution 2	To approve the payment of Non-Executive Directors' Remuneration from 1 January 2018 until the next Annual General Meeting of the Company		
Ordinary Resolution 3	To re-elect Teow Lai Seng as Director of the Company		
Ordinary Resolution 4	To re-appoint Shariff bin Mohd Shah as Director of the Company		
Ordinary Resolution 5	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors		
SPECIAL BUSINESS			
Ordinary Resolution 6	To retain Chim Wai Khuan as an Independent Non-Executive Director		
Ordinary Resolution 7	To retain Tan Sri Dato' Wira Abd Rahman bin Ismail as an Independent Non-Executive Director		
Ordinary Resolution 8	To retain Shariff bin Mohd Shah as an Independent Non-Executive Director		
Ordinary Resolution 9	Authority to allot shares pursuant to Section 75 of the Companies Act, 2016		

Dated this ________ day of ______________, 2018

____
Signature(s) of shareholder(s)/Attorney
(if Shareholder is a corporation, this part should be executed under seal or under the hand of its officer or attorney duly authorised)

NOTES TO FORM OF PROXY:-

1. A member of the Company is entitled to appoint not more than two (2) proxy to attend and vote at a meeting. Where a Member appoints two proxies, the appointments shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy.
2. A proxy need not be a Member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
3. The Instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or the hand of its attorney duly authorised. An instrument appointing a proxy to vote at a Meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint one (1) proxy in respect of each Securities Account it holds with 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 as defined under SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one 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 together with the power of attorney (if any) shall be deposited at the Registered Office of the Company at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before time appointed for holding the Meeting or any adjournment Meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Copies of the duly executed form of proxy which are faxed and/or e-mailed to us are not acceptable.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements, all the resolutions at the Eighteenth Annual General Meeting of the Company shall be put to vote by way of poll.
8. For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 24 May 2018 pursuant to Article 47(f) and paragraph 7.16(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.
9. By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
UNITED U-LI CORPORATION BERHAD (510737-H)
62C, Jalan SS 21/62,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

1st fold here

33, Jalan Kartunis U1/47
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan

Tel : + (603) 5569 5999
Fax : + (603) 5569 4170

www.uli.com.my