



(Formerly known as Utama Banking Group Berhad)

**UBG Berhad** 240931-X  
(Formerly known as Utama Banking Group Berhad)

REGISTERED OFFICE  
Level 6, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching, Sarawak  
Tel: 082-238 888  
Fax: 082-333 828  
Website: [www.cmsb.com.my/ubg](http://www.cmsb.com.my/ubg)



## Five Year Group Financial Highlights

	2007	2006	2005*	2004	2003
<b>RESULTS (RM' MILLION)</b>					
Pre-tax profit	28.1 ^	(18.0)^	445.1	64.6	(20.6)
Net Profit/(loss) attributable to the equity holders of the Company	1,165.8	(5.2)	6.0	37.6	(25.5)
<b>BALANCE SHEET (RM' MILLION)</b>					
Total assets	823	102,101	88,809	1,250	1,869
Shareholders' Funds	809	988	988	999	953
<b>RATIOS</b>					
(Loss)/Earnings per share					
– Basic (sen)	2.9 ^	(3.2)^	0.9	6.5	(3.8)
Net tangible assets/(liabilities) per share (RM)	2.96	0.21	0.19	(0.17)	(0.21)
Net assets per share (RM)	2.96	1.45	1.45	1.46	1.40
<b>UBG SHARE PRICE INFORMATION (RM)</b>					
Closing price as at financial year end	1.99	1.47	0.57	0.78	1.04

^ Continuing operations after disposal of RHB.

\* RHB was deemed a subsidiary of UBG following the adoption of FRS 127 with effect from 1 January 2006 after taking into on consideration the potential voting rights arising from the RHB ICULS that the Company held. The comparative figures for 2005 was restated accordingly.

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## Corporate Information

### BOARD OF DIRECTORS

Tuan Haji Mahmud Abu Bekir Taib  
Chairman, Non-Independent  
Non-Executive Director

Tuan Syed Ahmad Alwee Alsree  
Deputy Chairman, Non-Independent  
Non-Executive Director

Y Bhg Dato Sri Liang Kim Bang  
Senior Independent Non-Executive Director

Y Bhg Dato' Paduka Nik Hashim  
bin Nik Yusoff  
Independent Non-Executive Director

Y Bhg Dato' Richard Alexander John Curtis  
Non-Independent Non-Executive Director

Y Bhg Dato' Vaseehar Hassan  
bin Abdul Razack  
Non-Independent Non-Executive Director

Y Bhg Dato Dr Hatta bin Solhi  
Independent Non-Executive Director

Mr Kevin How Kow  
Independent Non-Executive Director

Y Bhg Dato Dr Michael  
Ting Kuok Ngie @ Ting Kok Ngie  
Independent Non-Executive Director

### AUDIT COMMITTEE

Mr Kevin How Kow  
Chairman, Independent  
Non-Executive Director

Y Bhg Dato' Vaseehar Hassan  
bin Abdul Razack  
Non-Independent Non-Executive Director

Y Bhg Dato Dr Michael  
Ting Kuok Ngie @ Ting Kok Ngie  
Independent Non-Executive Director

### COMPANY SECRETARY

Ms. Monica Oh Chin Chin  
Ms. Koo Swee Pheng

### REGISTERED OFFICE

Level 6, Wisma Mahmud  
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93100 Kuching, Sarawak  
Tel: 082-238 888  
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Website: [www.cmsb.com.my/ubg](http://www.cmsb.com.my/ubg)

### CORRESPONDENCE ADDRESS

Level 33, Suite A  
Menara Maxis  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel: 03-2078 9133  
Fax: 03-2072 5511

### REGISTRAR

Securities Services  
(Holdings) Sdn Bhd  
Level 7 Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2084 9000  
Fax: 03-2094 9940

### LISTING

Main Board of Bursa Malaysia  
Securities Berhad

### AUDITORS

PricewaterhouseCoopers  
Chartered Accountants  
11th Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

### INVESTOR RELATIONS

To convey queries and concerns regarding  
UBG Berhad, please contact:  
Y Bhg Dato Sri Liang Kim Bang  
Senior Independent Non-Executive Director  
Tel: 082-238 888/03-2078 9133  
Fax: 082-333 828/03-2072 5511

# Our new identity



UBG Berhad

The alphabet U,  
created with  
the beak of a  
flying hornbill in  
Sarawak's state  
colours, serves as  
a distinctive icon  
of the corporate  
identity and  
image of UBG  
as a Sarawak-  
grown entity.



## Profile of Board of Directors



### **TUAN HAJI MAHMUD ABU BEKIR TAIB**

(Malaysian, aged 44, Chairman, Non-Independent Non-Executive Director)

Tuan Haji Mahmud who is the Deputy Group Chairman of Cahya Mata Sarawak Berhad ("CMS") was appointed to the Board of UBG Berhad (formerly known as Utama Banking Group Berhad) ("UBG") on 3 August 2006 as a nominee of CMS. He was redesignated as Chairman on 1 January 2008.

Having pursued his tertiary education in USA and Canada, Tuan Haji Mahmud has extensive experience in the stock-broking and corporate sectors. He was the founding member of Sarawak Securities Sdn Bhd, Sarawak's first stock-broking company which is now merged with Kenanga Investment Bank Berhad (formerly known as K&N Kenanga Berhad).

Tuan Haji Mahmud was appointed the Chairman of the Nomination and Remunerations Committee ("NRC") on 1 January 2008.

Tuan Haji Mahmud has attended eighteen out of twenty-one meetings held for the financial year since his appointment. He is a director and former indirect major shareholder of UBG by virtue of his interests in Majaharta Sdn Bhd, a major shareholder of CMS. He is a major shareholder of CMS which holds 100% direct equity interest in Concordance Holdings Sdn Bhd which in turn holds 51.83% direct equity interest in UBG. He is also a brother-in-law of Tuan Syed Ahmad Alwee Alsree, a director of UBG. He is deemed interested in UBG's proposed acquisitions of CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd from PPES Works (Sarawak) Sdn Bhd which are part of the proposed regularisation plan announced to Bursa Malaysia Securities Berhad on 31 January 2008 ("Proposed CMS Acquisitions"). He has never been charged for any offence.



### **TUAN SYED AHMAD ALWEE ALSREE**

(Singaporean, aged 42, Deputy Chairman, Non-Independent Non-Executive Director)

Tuan Syed Ahmad who is the Deputy Group Managing Director of CMS was appointed to the Board of UBG as a nominee director on 4 December 2007. He was redesignated as Deputy Chairman on 1 January 2008.

Tuan Syed Ahmad graduated with a Bachelor of Law (LL.B.) from the National University of Singapore and practised law in Singapore for over 10 years prior to joining CMS.

His other directorships in public companies include CMS, CMS Trust Management Berhad (Chairman), CMS Global (BVI) Ltd, CMS I-Systems Berhad, CMS Works International (China) Ltd and CMS Foundation.

Tuan Syed Ahmad is a brother-in-law of Tuan Haji Mahmud Abu Bekir Taib, a director of UBG (major shareholder of CMS). He is deemed interested in the Proposed CMS Acquisitions. He has never been charged for any offence.



#### **DATO SRI LIANG KIM BANG**

(Malaysian, aged 71, Senior Independent Non-Executive Director)

Dato Sri Liang Kim Bang was appointed to the Board of UBG on 3 August 2007. He studied at the University of Malaya, Singapore (1957-1961), graduating with B.A. and B.A. (Hons) degrees and at University of Cambridge (Trinity College), England (1962-1963) in Public Administration. He joined the Sarawak Civil Service in 1961, served in various capacities and retired in 1994. He was Sarawak's State Financial Secretary from 1984 to 1994.

His current directorships in public companies include CMS, MISC Berhad, PPB Group Berhad and CMS Trust Management Berhad. He has since resigned from PPBOP Oil Palms Berhad and Rashid Hussain Berhad ("RHB") on 2 July 2007 and 6 July 2007 respectively.

Dato Sri Liang was appointed as a Member of the NRC on 1 January 2008.

Dato Sri Liang has attended sixteen out of twenty-one meetings held for the financial year. He has no family relationship with any Director and/or major shareholder of UBG. He has no conflict of interest with UBG and has never been charged for any offence.



#### **DATO' PADUKA NIK HASHIM BIN NIK YUSOFF**

(Malaysian, aged 70, Independent Non-Executive Director)

Dato' Paduka Nik Hashim bin Nik Yusoff was appointed to the Board of UBG on 13 March 1996. He graduated from Melbourne University, Australia with a Bachelor of Arts (Honours) degree in Economics in 1964 and holds a Masters degree in Public Administration from Harvard University (1970).

He has held senior executive managerial positions in various financial institutions including a finance company and a merchant bank. He was appointed the Managing Director of MUI Bank Berhad in 1991. Following the acquisition of MUI Bank Berhad by the Hong Leong Group in 1994, he was appointed as Advisor and continued to be on the Board of Hong Leong Bank Berhad until December 1995.

Dato' Paduka Nik Hashim was the Chairman of UBG, a Member of the Audit Committee and NRC until 31 December 2007. He was also the Chairman of the Executive Committee, a committee which was established by the Board on 24 April 2002 until it was abolished on 31 December 2007. He was also the Non-Independent Non-Executive Chairman of RHB until his resignation on 6 July 2007 following UBG's disposal of its entire interest in RHB.

His current directorships in public companies include Genting Berhad and Malayan United Industries Berhad.

Dato' Paduka Nik Hashim has attended all twenty-one meetings held for the financial year. He has no family relationship with any Director and/or major shareholder of UBG. He has no conflict of interest with UBG and has never been charged for any offence.



**DATO' RICHARD ALEXANDER JOHN CURTIS**

(British, aged 56, Non-Independent Non-Executive Director)

Dato' Richard Curtis was appointed to the Board of UBG on 11 September 2006 as a nominee director of CMS. He graduated with a Bachelor of Laws (LL.B) (Honours) from the University of Bristol, UK and is a Sloan Fellow of the London Business School, UK.

Dato' Richard began his career in legal practice (1974–1979) as a solicitor with Norton Rose in London and then with the Jardine Matheson Group in Hong Kong (1979–1983) after which he joined the Jardine Offshore Group (1983–1986) in postings to Singapore and Indonesia to oversee the Group's offshore oil operations. Dato' Richard also pursued his own businesses (1988–1997) in retail, consultancy and construction. He was the Chief Executive Officer of The Melium Group from 1997–2004, a leading Malaysian company involved in the import and retail of luxury brands, lifestyle products and operation of a chain of F&B outlets. He is also a Trustee of Yayasan Raja Muda Selangor.

Dato' Richard was appointed a Member of the Executive Committee on 22 November 2006 which has since been abolished on 31 December 2007.

His other directorships of public companies include CMS, CMS Trust Management Berhad, K&N Kenanga Holdings Berhad and Kenanga Investment Bank Berhad (formerly known as K&N Kenanga Berhad).

Dato' Richard has attended all twenty-one board meetings held for the financial year. He has no family relationship with any Director and/or major shareholder of UBG. He is deemed interested in the Proposed CMS Acquisitions. He has never been charged for any offence.



**DATO' VASEEHAR HASSAN BIN ABDUL RAZACK**

(Malaysian, aged 57, Non-Independent Non-Executive Director)

Dato' Vaseehar Hassan bin Abdul Razack was appointed to the Board of UBG on 3 July 1995. He holds a Bachelor of Commerce degree in Accounting, Masters in Business Administration and Specialised Masters Degree in Consulting and Coaching. He is currently pursuing a Doctoral Research at the Vrije Universiteit, Amsterdam.

Dato' Vaseehar Hassan has more than 26 years of experience in the financial sector. Following UBG's disposal of its entire interest in RHB, he resigned from the directorships in RHB on 6 July 2007 and RHB Capital Berhad, RHB Investment Bank Berhad, RHB Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad (Chairman).

His current directorships in public companies include Ingress Corporation Berhad and Unicorn International Islamic Bank Malaysia Berhad (Chairman). He is also a Member of the International Advisory Panel of the World Islamic Economic Forum.

Dato' Vaseehar Hassan is a Member of the Audit Committee. He was also a member of the Executive Committee which has since been abolished on 31 December 2007.

Dato' Vaseehar Hassan has attended all twenty-one meetings held for the financial year. He has no family relationship with any Director and is a nominee of Kenyalang Utama Sdn Bhd which has an equity interest of 15.9% in UBG. He is deemed interested in UBG's proposed acquisition of 37.56% equity interest in Loh & Loh Corporation Berhad and 49.21% equity interest of Putrajaya Perdana Bhd which are part of the proposed regularisation plan announced to Bursa Malaysia Securities Berhad on 31 January 2008. He has never been charged for any offence.



**MR KEVIN HOW KOW**

(Malaysian, aged 59, Independent Non-Executive Director)

Mr Kevin How Kow was appointed to the Board of UBG on 5 March 2004.

Mr Kevin How is a Fellow of The Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants of Singapore and a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Mr Kevin How was a partner of Ernst & Young, Malaysia from 1984 and had served as the partner-in-charge of its offices in Sabah and Sarawak and later from 1996 onwards as the partner-in-charge of its practice in Sabah and Labuan until his retirement on 31 December 2003.

His other directorships of public companies include CMS, CMS I-Systems Berhad, K & N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad (formerly known as K&N Kenanga Berhad), Sabah Development Bank Berhad and Saham Sabah Berhad.

Mr Kevin How is a Member the Audit Committee and redesignated the Chairman of the Audit Committee on 8 January 2008.

Mr Kevin How has attended all twenty-one meetings held for the financial year. He has no family relationship with any Director and/or major shareholder of UBG. He has no conflict of interest with UBG and has never been charged for any offence.



**DATU DR HATTA BIN SOLHI**

(Malaysian, aged 63, Independent Non-Executive Director)

Datu Dr Hatta bin Solhi was appointed to the Board of UBG on 8 January 1999. He holds a B.A. (Hons) from Carleton University, Canada, a Masters Degree in Rural Social Development from Reading University, United Kingdom and a PH.D in Political Science (Development Studies) from University of Hawaii.

He has served in the Sarawak Civil Service for 30 years in various positions, including as Director of Malaysian Centre for Development Studies, Sarawak Branch, Director of State Planning Unit, Deputy Chairman/Director of Yayasan Sarawak and as Deputy State Secretary of Sarawak. He is also a director and the non-executive Chairman in Zecon Berhad.

Datu Dr. Hatta was a Member of the NRC from 23 February 2006 until 31 December 2007.

Datu Dr Hatta has attended thirteen out of twenty-one meetings held for the financial year. He has no family relationship with any Director and is a nominee of Yayasan Sarawak which holds 3.29% equity interest in UBG. He has no conflict of interest with UBG and has never been charged for any offence.



**DATU MICHAEL TING KUOK NGIE @ TING KOK NGIE**

(Malaysian, aged 67, Independent Non-Executive Director)

Datu Michael Ting was appointed to the Board of UBG on 8 January 2008.

A civil engineer by profession, Datu Michael Ting served in the Public Works Department ("PWD") for 32 years. His last appointment was as Director of PWD prior to retiring in 1988. Datu Michael Ting continued to serve as Technical Advisor to Sarawak's State Planning Unit for a further 2 years. Datu Michael Ting holds Bachelor and Master degrees in Civil Engineering, both from Technical University of Nova Scotia, Canada.

Datu Michael Ting was appointed a Member of the Audit Committee and NRC on 8 January 2008.

His other directorships of public companies include CMS and CMS Trust Management Berhad.

He has no family relationship with any Director and/or major shareholder of UBG. He has no conflict of interest with UBG and has never been charged for any offence.



# Chairman's Statement

It gives me great pleasure to address you for the first time as Chairman of UBG Berhad (formerly known as Utama Banking Group Berhad) ("UBG" or "the Company"), and to present the Annual Report and Audited Financial Statements of UBG for the financial year ended 31 December 2007.

UBG Berhad

## REVIEW OF FINANCIAL PERFORMANCE

The Group successfully completed its divestment of UBG's entire interest in Rashid Hussain Berhad ("RHB") to Employees Provident Fund for RM2.25 billion on 22 May 2007 resulting in a realised net gain of RM1.23 billion in its books. In addition, it successfully defended its position in an arbitration proceeding to recover RM30.72 million being the balance of the proceeds from the divestment of Utama Merchant Bank Berhad ("UMBB"). As a result, the Group reported a net profit attributable to the equity holders of the Company of RM1.17 billion for the financial year ended 31 December 2007, compared to a net loss of RM5.17 million in 2006.

As at 31 December 2007, the Group total assets stood at RM822.52 million of which RM821.80 million are cash and short term funds whilst Group shareholders funds was RM809.23 million. Its earnings per share from continuing operations improved to 2.93 sen in 2007 from a loss per share of 3.29 sen in 2006 whilst its earnings per share including contributions from discontinued operations (namely RHB and UMBB) were RM1.92, up from a loss per share of 0.76 sen in 2006.

Notwithstanding, its strong balance sheet and cash position, UBG was classified as an affected listed issuer in accordance with Practice Note 16/2005 ("PN16") and 17/2005 ("PN17") of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 May 2007. This was due to its divestment of RHB which led to the Group's assets comprising mainly cash and it was without any significant business operations.



### CAPITAL REPAYMENT AND SHARE CONSOLIDATION

I am pleased to report that, on 31 October 2007, UBG repaid RM1.37 billion out of RM2.25 billion from the disposal proceeds of RHB to its shareholders on the basis of RM2.00 for every one (1) existing ordinary share of RM1.00 each in UBG held at the entitlement date of 24 October 2007 after all the relevant approvals were obtained ("Capital Repayment").

Subsequent to the Capital Repayment, UBG consolidated its share capital comprising 1.37 billion ordinary shares of 5 sen each into 273.1 million ordinary shares of 25 sen each in UBG on the basis of five (5) ordinary shares of 5 sen each into one (1) ordinary share of 25 sen each. At the time of the proposal, based on the last transacted price of the shares of UBG of RM2.46 on 18 April 2007, the net worth to the shareholders arising from the theoretical adjustment to the market price of UBG shares was computed to be RM1.15 after the share consolidation exercise. I wish to highlight that as at 31 December 2007, the closing price of UBG shares was RM1.99, the highest recorded as at 31 December for the last five years. Just prior to the announcement of UBG's proposed regularisation plan to lift it from PN16 and PN17 status, the one month volume weighted average market price of UBG up till 30 January 2007, was reportedly RM2.20, very close to its share price prior to the Capital Repayment and share consolidation proposals.

### DIVIDENDS

In order to conserve its cash reserves for its future plans to generate sustainable long term returns to shareholders, the Company will not be declaring dividends for the financial year ended 31 December 2007 following its recent capital repayment of RM1.37 billion to its shareholders.

### OUTLOOK FOR 2008

We can look forward to a promising financial year in 2008 upon completion of the proposed regularisation plan announced by the Company on 31 January 2008.

The proposed regularisation plan entails the proposed acquisitions of a 49.21% stake in Putrajaya Perdana Berhad ("PPB"), a niche construction specialist and a 37.56% equity interest in Loh & Loh Corporation Berhad ("LLCB"), a water infrastructure specialist, from Swan Symphony Sdn Bhd and Binary Bestari Sdn Bhd respectively. UBG proposes also to acquire 100% equity interest in CMS Roads Sdn Bhd ("CMS Roads") and CMS Pavement Tech Sdn Bhd ("CMS Pavement Tech") from CMS subsidiary, PPES Works (Sarawak) Sdn Bhd. CMS Roads and CMS Pavement Tech are principally involved in the construction, maintenance and management of roads in Sarawak. These proposed acquisitions are part of a comprehensive plan to improve earnings of UBG. The proposed acquisitions are subject to the conditions of the share sale agreements and regulatory approvals. They will also expedite UBG's efforts to regularise its status as an affected listed issuer in accordance to the Listing Requirements of Bursa Securities in relation to PN16 and PN17 status.

Upon completion of the proposed acquisitions, UBG will be transformed into a diversified investment holding company with

strategic exposure in two growth sectors, namely the construction and property development as well as water infrastructure. This will enable its enlarged Group to tap into the various economic corridor development projects announced by the Government under its 9th Malaysian Plan such as the Sarawak Corridor of Renewable Energy and Iskandar Development Region.

In addition to the proposed acquisitions, UBG is also proposing a restricted issue of 182.64 million UBG shares to Majestic Masterpiece Sdn Bhd ("MMSB"), a wholly owned subsidiary of Abu Dhabi-Kuwait Malaysia Investment Corporation ("ADKMIC") at an issue price of RM2.50 per UBG share. We believe that UBG will benefit with the emergence of ADKMIC as a strategic partner in UBG and it will pave the way for the enlarged UBG group to venture into construction and infrastructure jobs in the Middle East.

I look forward to your continued support in efforts to transform UBG into a leading construction and infrastructure group not only locally but internationally, with sustainable long-term earnings which will benefit all stakeholders.

### DIRECTORATE

On 31 December 2007, Y Bhg Dato' Paduka Nik Hashim stepped down as Chairman of UBG. On behalf of the Board, I would like to express our thanks and sincere appreciation to him for his valuable contribution and dedicated service to the Group during the tenure of office.

Y Bhg Datu Dr Hatta Solhi retires at the forthcoming Annual General Meeting of the Company and will not be seeking re-election. On behalf of the Board, I would like to also express our thanks and sincere appreciation to him for his contribution and efforts during his tenure of service.

On behalf of the Board, I wish to express our sincere heartfelt loss for Allaryarham Dato' Haji Mohamad Taha Ariffin who passed away on 24 November 2007 after a long illness. He had contributed significantly and positively to the Group as director, Chairman of Audit Committee and Nomination and Remuneration Committee before his demise.

I am pleased to welcome the appointments of Tuan Syed Ahmad Alwee Alsree who was also redesignated Deputy Chairman of UBG on 1 January 2008 and Y Bhg Datu Michael Ting to the Board.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express my gratitude to our shareholders for their continued support and confidence in UBG.

I wish to thank my fellow directors and staff for their contribution and efforts.

I also wish to thank the various governmental and regulatory authorities for their guidance, co-operation and assistance.

Tuan Haji Mahmud Abu Bekir Taib  
Chairman



# Corporate Governance Report

The Board of Directors is committed to ensure that the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG") are applied in the management of the Group to protect and enhance the shareholder's value.

The Board of Directors is pleased to report that the Group has made every effort to comply with the best practices contained in the Code throughout the year ended 31 December 2007.

## BOARD OF DIRECTORS

The Board of Directors is responsible for the overall business direction of the Company and the Group. It oversees the conduct of the business and affairs of the Company including identifying principal risks, ensuring that systems are in place to manage these risks, reviewing the Company's systems of internal control and financial reporting.

The Board meets at least once in every three months. During the year 2007, a total of twenty-one (21) Board meetings were held of which fifteen (15) were Special Board meetings and two (2) Emergency Board meetings. The attendances of the directors at the Board Meetings were as follows:

NAME OF DIRECTOR	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Dato' Paduka Nik Hashim bin Nik Yusoff	21/21	100
Tuan Haji Mahmud Abu Bekir Taib	18/21	86
Dato Sri Liang Kim Bang	16/21	76
Datu Dr Hatta bin Solhi	13/21	62
Dato' Vaseehar Hassan bin Abdul Razack	21/21	100
Mr Kevin How Kow	21/21	100
Dato' Richard Alexander John Curtis	21/21	100
Allayarham Dato' Haji Mohamad Taha bin Ariffin <sup>1</sup>	15/20	75

<sup>1</sup>Demised on 24 November 2007

All the Directors have complied with the minimum 50% attendance required at Board meetings during the financial year ended 31 December 2007 as stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

## BOARD BALANCE

The Board has eight (8) members during the financial year under review. On 1 January 2008, the Board increased the Board size from eight (8) to nine (9) members. The Board comprises the Chairman and Deputy Chairman who are non-independent non-executive directors, five independent non-executive directors and two other non-independent non-executive directors. Together, the Directors have a wide range of business, financial, technical and public service experience. The biography of each Director is as stated on page 2 to 5 of this Annual Report.

No individual or group of individuals dominates the Board's decision making. All non-executive directors are independent of management and have no relationship that could materially interfere with the exercise of their independent judgement.

The following Directors are representatives of the major shareholders in UBG:

NAME OF DIRECTOR	REPRESENTING	% OF SHAREHOLDING IN UBG
Tuan Haji Mahmud Abu Bekir Taib	} Concordance Holdings Sdn Bhd } [wholly-owned subsidiary of } Cahya Mata Sarawak Bhd (CMS)]	51.83
Tuan Syed Ahmad Alwee Alsree		
Dato' Richard Alexander John Curtis		
Dato' Vaseehar Hassan bin Abdul Razack	Kenyalang Utama Sdn Bhd	15.90

### SUPPLY OF INFORMATION

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be properly briefed before the meeting.

There is a schedule of matters reserved specifically for the Board's decision, including approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure within the Group, including key policies and procedures and authority limits.

The Board has the absolute discretion to seek external independent professional advice on any matter, be it operational or on policy matters, as may be deemed necessary, at the Company's expense to enable them to make well-informed decisions and discharge of their duties as Directors.

All Directors have access to the advice and services of the Company Secretaries.

### BOARD COMMITTEES

The following Committees have been established to assist the Board in the execution of its responsibilities. The Committees listed below report to the Board on all matters considered and their recommendations thereon. The Committees have written Terms of Reference, which have been approved by the Board, that govern the duties and responsibilities of its members.

In December 2007, the Board of Directors has reviewed the composition of all its Board Committees and reconstituted the Board Committees as follows:

#### 1. AUDIT COMMITTEE

The previous review of the Audit Committee was conducted in 2004. In accordance with paragraph 15.21 of Chapter 15 of Bursa Securities' Listing Requirements, the members of the Audit Committee have conducted a self assessment review in November 2007 on the performance of the committee for Board evaluation.

With effect from 8 January 2008, the members of the Audit Committee have been reconstituted as shown below following the demise of its Chairman Allayarham Dato' Haji Mohamad Taha bin Ariffin on 24 November 2007 and expressed wishes of Dato' Paduka Nik Hashim to step down from the Audit Committee:

- i. Mr Kevin How Kow  
Chairman, Independent Non-Executive Director
- ii. Dato' Vaseehar Hassan bin Abdul Razack  
Member, Non-Independent Non-Executive Director
- iii. Datu Michael Ting Kuok Ngie  
Member, Independent Non-Executive Director

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, ensures an objective and professional relationship is maintained with external auditors, and monitors to ensure that inappropriate conflict of interest are avoided. The Committee has full access to the services and advice of external auditors, who in turn have access at all times to the Chairman of the Committee.

(The AUDIT COMMITTEE report is detailed out on page 12 to 13 of this Annual Report).

#### 2. EXECUTIVE COMMITTEE (EXCO)

The EXCO was established by a resolution of the Board on 24 April 2002 to formulate the future business plans and activities of the Company. Its responsibility is to ensure that the Company operates within the Board approved Budget and carries out such other responsibilities as delegated by the Board.

The EXCO did not hold any meetings during the year under review. All matters including the disposal of its investment in Rashid Hussain Berhad and the formulation of a proposed plan of regularisation under PN 16/2005 and PN17/2005 of the Listing Requirements of Bursa Securities were referred directly to the Board.

As such, the Board has resolved to abolish the EXCO with effect from 31 December 2007.

### 3. NOMINATION & REMUNERATION COMMITTEE (NRC)

The NRC was established as a joint committee by a resolution of the Board on 21 May 2001 and comprises non-executive Directors, a majority of whom are independent Directors.

The scope of activities of the NRC include:

- Nomination and screening of Board member candidates and where appropriate, group senior management candidates.
- Review the skills mix and experience and other qualities required for the Board to function completely and efficiently.
- Evaluation of the performance of the Board, its Committees and Members.
- Termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.
- Coordination of Board Agenda and Meeting Schedules.
- Assignment of Committee Membership.
- Training and Orientation of Directors.
- Compensation strategy, policies and programs.
- Compensation levels of Directors, Managing Director and Senior Management group.
- Compensation and employee benefit plans and administration of ESOS and other executive and director compensation arrangements.

In discharging their duties, the Committee has access to professional advisers, both within the Company and externally.

With effect from 1 January 2008, the NRC has been reconstituted as follows:

#### CHAIRMAN:

Tuan Haji Mahmud Abu Bekir Taib<sup>1</sup>  
Non-Independent Non-Executive Director

#### MEMBERS:

Dato Sri Liang Kim Bang<sup>2</sup>  
Senior Independent Non-Executive Director

Datu Michael Ting Kuok Ngie<sup>3</sup>  
Independent Non-Executive Directors

(Dato' Nik Hashim bin Nik Yusoff and Datu Dr. Hatta bin Solhi stepped down on 31 December 2007 pursuant to the reconstitution of the NRC).

<sup>1</sup> Appointed 1 January 2008 following the demise of Allayarham Dato' Haji Mohamad Taha bin Ariffin on 24 November 2007

<sup>2</sup> Appointed on 1 January 2008

<sup>3</sup> Appointed on 8 January 2008

#### APPOINTMENTS TO THE BOARD

The appointment of members to the Board was guided by formal processes and procedures. The NRC has been given the authority through its Terms of Reference to screen and, thereafter to recommend potential candidates for appointment as members of the Board to the Board of Directors.

As required under the MCCG, the Board carried out an assessment of the effectiveness of the Board and the Board Committees. The assessment has highlighted areas requiring improvements which are being addressed by the Board and Management.

#### RE-ELECTION

In accordance with the Articles of Association of the Company, all Directors shall retire from office at the first Annual General Meeting (AGM), and at the AGM in every subsequent year thereafter, one-third of the Directors for the time being, or the number nearest to one third, shall retire from office. All Directors shall retire from office at least once in three (3) years.

The Directors to retire every year are those who have been longest in office since their appointment or last election and a retiring Director can offer himself for re-election. Directors over seventy years of age are required to submit themselves for reappointment annually in accordance with Section 129(6) of the Companies Act 1965.

The following Directors retired at the AGM held on 24 May 2007:

- |                                           |                                                                            |
|-------------------------------------------|----------------------------------------------------------------------------|
| i. Dato' Paduka Nik Hashim bin Nik Yusoff | } retired pursuant to Article 98 of the Company's Articles of Association  |
| ii. Mr Kevin How Kow                      | }                                                                          |
| iii. Tuan Haji Mahmud Abu Bekir Taib      | } retired pursuant to Article 102 of the Company's Articles of Association |
| iv. Dato' Richard Alexander John Curtis   | }                                                                          |
| v. Dato Sri Liang Kim Bang                | } retired pursuant to Section 129 (6) of the Companies Act 1965            |

#### DIRECTORS' REMUNERATION

The fees of the Directors are determined at the Company's AGM, provided always that:

1. Fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
2. Salaries payable to executive Directors may not include a commission on or percentage of turnover;
3. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and
4. Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 97(2) of the Articles of Association also provides that if any of the Company's Directors is required to perform or render any special duties or services outside his/her ordinary duties as a Director, the Board of Directors may pay the said Director special remuneration, in addition to his/her Director's fees.

All the Directors of UBG are paid Directors' fees with the exception of Dato' Richard Alexander John Curtis and Tuan Syed Ahmad Alwee Alsree who are also the Group Managing Director and Deputy Group Managing Director of CMS respectively. Their fees are payable to CMS.

The details of Directors' remuneration are disclosed on page 45 of this Annual Report.

### DIRECTORS' TRAINING AND EDUCATION

The Company encourages and is committed to ensure that its directors are equipped with the appropriate knowledge and skills through formal and informal training to keep abreast with recent developments in laws, regulations, and industry to discharge their duties in an effective manner. All members of the Board have attended the Mandatory Accreditation Programme as required under the Bursa Securities' Listing Requirements and fulfilled their Continuing Education Programme ("CEP") requirements.

All the Directors have participated in at least one training programme, conference, seminar and/or briefing during the year 2007. Some of the training programme, conference, seminar and briefing attended by the members of the Board in 2007 include the following:

### CORPORATE GOVERNANCE

- Making Corporate Boards More Effective conducted by Charles River Centre
- Malaysian Boardroom Challenges: Impact & Implications Of The Malaysian Companies (Amendment) Act 2007 (Act A 1299)
- Improving Board Directors' Performance, Leadership and Corporate Governance organised by Cahya Mata Sarawak Berhad (parent company)

### OTHERS

- MICPA-Bursa Malaysia Business Forum 2007 "Malaysia-The New Arena" jointly organised by MICPA and Bursa Malaysia Berhad
- Bursa Malaysia-MAICSA Roadshow 2007 'Updates on Listing Requirements: Issues and Challenges' jointly organised by Bursa Malaysia Berhad & MAICSA

### RELATIONSHIP WITH SHAREHOLDERS

The Board acknowledged that its role is to represent and protect the interest of the shareholders and that the Board is accountable to the shareholders for the performance and activities of the Group. There are two corporate substantial shareholders and both the shareholders are represented on the Board.

The formal channels of communication by which the Board accounts to shareholders for the overall performance of the Company's business activity are by way of timely public announcements via Bursa Securities and the Company's Annual Report.

Any queries or concerns regarding the Company may be conveyed to the following person:

Dato Sri Liang Kim Bang  
Senior Independent Non-Executive Director  
Tel: 03 2078 9133 Fax: 03 2072 5511

### ANNUAL GENERAL MEETING (AGM)

The AGM remains the principal forum for dialogue with shareholders. At the AGM, the Board presents the progress and performance of the Group and encourages shareholders to participate in the question and answer session. The Directors are available to respond to shareholders' questions during the meeting as well as informally before and after the meeting.

Each item of special business included in the notice of the meeting will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

### ACCOUNTABILITY AND AUDIT

#### FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists by reviewing the information to be disclosed, to ensure the Group has complied with appropriate accounting standards as well as other regulatory requirements and the adequacy of information disclosed for a fair and full presentation of the financial affairs of the Group.

The Directors' Report and the Statement by Directors in relation to the Financial Statements are set out on pages 18 and 54 respectively in this Annual Report.

#### INTERNAL CONTROL

The Statement of Internal Control is set out on page 15 of this Annual Report.

#### RELATIONSHIP WITH AUDITORS

During the financial year 2007, the external auditors, Messrs PricewaterhouseCoopers (PwC) had attended the Audit Committee meeting to present the Group's Audit Plan for the Year 2007.

PwC was also invited to attend the Audit Committee meeting to present the annual audited accounts and to discuss the Board Report on significant matters that came to light in the course of audit as well as the Directors' Statement for the year ended 31 December 2007.

The Board and the external auditors adopt an independent and transparent relationship at all times.



# Audit Committee Report

## AUDIT COMMITTEE REPORT MEMBERSHIP AND ATTENDANCE

- During the financial year ended 31 December 2007, the Committee comprised the following four non-executive directors, three of whom are independent Directors:

- Allayarham Dato' Haji Mohamad Taha bin Ariffin (demised 24.11.2007)  
Chairman, Independent Non-Executive Director
- Dato' Paduka Nik Hashim bin Nik Yusoff (resigned 8.1.2008)  
Member, Independent Non-Executive Director
- Mr Kevin How Kow (appointed Chairman 1.1.2008)  
Member, Independent Non-Executive Director
- Dato' Vaseehar Hassan bin Abdul Razack  
Member,  
Non-Independent Non-Executive Director
- Datu Michael Ting Kuok Ngie (appointed 8.1.2008)  
Member, Independent Non-Executive Director

- A total of 5 meetings were held for the financial year ended 31 December 2007. The details of attendance of each member of Committee are as follows:

NAME OF MEMBER	TOTAL ATTENDANCE
Allayarham Dato' Haji Mohamad Taha bin Ariffin	3/5
Dato' Paduka Nik Hashim bin Nik Yusoff	5/5
Mr Kevin How Kow	5/5
Dato' Vaseehar Hassan bin Abdul Razack	3/5

## TERMS OF REFERENCE

### COMPOSITION

- The Committee shall comprise not less than 3 members, a majority of whom must be independent Directors. The members of the Committee shall elect a Chairman from among their number who shall be an independent Director.
- The Board shall ensure that the composition and functions of the Committee shall comply with the Bursa Securities' Listing Requirements as well as other regulatory requirements.

### MEETINGS

- The Committee shall meet at least once in 3 months and on such further occasions as may be thought fit.
- Upon the request of the External Auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the External Auditors believe should be brought to the attention of the Directors or Shareholders.
- To form a quorum in respect of a meeting of the Committee, the majority of members present must be independent Directors.

### MINUTES

- The Company Secretary shall be in attendance at any meeting of the Committee and prepare and circulate minutes of the meeting to Committee members and to the Chief Internal Auditor.

### DUTIES

- To review with the External Auditors, the audit plan and their evaluation of the effectiveness of the systems and standards of internal control.
- To review with the External Auditors, their Audit Report, Management letter and Management responses, and any matters arising from the Audit.
- To review the assistance given by the Company's officers to the External Auditors and the Group Internal Auditors, where such functions exist.
- To review the adequacy of the scope, functions and resources of the internal audit functions, and that it has the necessary authority to carry out its work.
- To review the internal audit plan, internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and Management responses, and whether or not appropriate action is taken on the recommendations of the internal auditors (where an internal audit function is established).
- To review the Quarterly Financial Statements and the Annual Audited Accounts, prior to the approval by the Board of Directors. The review should focus primarily on compliance with accounting standards and other legal and regulatory requirement, any significant and unusual events, any changes in or implementation of major accounting policy, any significant adjustment arising from the audit and the going concern assumptions.

**TERMS OF REFERENCE** cont'd**DUTIES** cont'd

- To review any related party transactions and conflict of interest situation that may arise within the Company or the Group.
- To recommend the nomination of a suitable accounting firm for appointment as the Company's External Auditors.
- To review the External Auditors remuneration and to recommend to the Board for approval.
- To review the services of the External Auditors and to evaluate whether there is reason (supported by grounds) to believe that the External Auditors is not suitable for re-appointment.
- To review and assess the performance of the Group Internal Auditors.
- To approve the appointment and dismissal of the Chief Internal Auditor.

**AUTHORITIES**

- The Committee shall have the authority to investigate any matter within its terms of reference.
- The Committee shall have full and unrestricted access to any information pertaining to the Company or the Group.
- The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if such functions exist).
- The Committee shall have the authority to obtain independent professional or other advices.
- The Committee shall have the authority to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.
- The Committee shall have the authority to invite other Board members as well as the Management members to attend the meeting of the Committee.
- Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements as well as other legal and regulatory requirements, the Committee shall have the authority to promptly report such matter to the Exchange and the appropriate authorities.

**ACTIVITIES**

During the year under review, the following were the activities of the Audit Committee:

- Reviewed the Group's Audit Plan for the year 2007 together with the External Auditors, Messrs PricewaterhouseCoopers. The Group Audit Plan gives an overview of the scope of audit for the year ending 31 December 2007, audit approach, proposed timetable, areas of focus, risks and responses.
- Reviewed the quarterly financial statements and annual audited accounts and ensured that the financial reporting and disclosure requirements are in compliance with

accounting standards and the requirement of the relevant regulatory authorities, prior to such quarterly results and audited accounts being presented to the Board for approval.

- Conducted a self evaluation on the effectiveness of the Audit Committee's role for the Board's evaluation.
- In light of the revised Malaysian Code of Corporate Governance ('MCCG') released by the Securities Commission of Malaysia ('SC') which were effective 1 October 2007, the need to establish an internal audit function was reviewed and recommendations were made to the Board to outsource the internal audit function. (For details see below).
- Discussed with the External Auditors, significant matters that came to light during the course of audit for the financial year ended 31 December 2007.

**INTERNAL AUDIT FUNCTION**

The Company does not have an internal audit department given that its principal activity is that of an investment holding company, the transactions are generally not unusual or material in nature, and monthly management reports are being distributed to members of the Board of Directors for their review. In the absence of an Internal Audit Department, the Audit Committee assumes the role of discharging the function. In discharging the internal audit function, the Committee has been given full access to all the relevant information and resources.

Pursuant to the release of the revised MCCG by SC, on 14 November 2007, the Audit Committee has reviewed the need to establish an internal audit function and concluded that following the sale of the Company's investment in RHB, it does not have significant business operations or activities which would warrant establishing an internal audit department within the Company. As the Company was then in the midst of formulating a proposed regularisation plan to regularise its affected listed issuer status pursuant to Practice Note 17/2005 of the Listing Requirements of Bursa Securities ("PN17 Status"), the Audit Committee recommended instead that the internal audit function be outsourced to the Group Internal Audit Services of its ultimate holding company, Cahya Mata Sarawak Berhad in the interim, with the Head of Group Internal Audit reporting to the Audit Committee directly. This was approved by the Board on 15 November 2007.

On 28 January 2008, amendments have also been made to Bursa Securities' Listing Requirements in relation to corporate governance, which are in line with the revised MCCG released by SC on 1 October 2007. The timeframe for compliance of the provision on internal audit is 31 January 2009.

The Audit Committee plans to review the need to establish an internal audit function within the Company and/or its group of companies when the proposed regularisation plan announced on 31 January 2008 has been completed.



## Additional Compliance Information

The following information is presented in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

### UTILISATION OF PROCEEDS

PURPOSE	PROPOSED UTILISATION	ACTUAL UTILISATION	INTENDED TIMEFRAME	DEVIATION <sup>1</sup>	
	RM'000	RM'000		AMOUNT RM'000	%
Proceeds	2,252,954	2,252,954	Completed	0	0.0
Repayment of bank borrowings	(145,000)	(145,000)	Completed		
Proposed capital repayment	(1,365,520)	(1,365,520)	Completed		
Defray expenses re: Proposals	(12,500)	(12,868)	Completed	(368)	2.9
<b>BALANCE TO BE UTILISED TO FINANCE/ PARTFINANCE ACQUISITION OF NEW CORE BUSINESS BEING IDENTIFIED AND/ OR WORKING CAPITAL FOR UBG GROUP</b>	<b>729,934</b>	<b>729,566</b>	<b>SEE NOTE 2</b>	<b>(368)</b>	<b>0.1</b>

<sup>1</sup> Deviation is due to service tax, and other incidental expenses.

<sup>2</sup> Pending approval of Proposed Regularisation Plan announced by the Company on 31 January 2008.

### SHARE BUY-BACKS

UBG did not enter into any share buy-back transactions during the financial year ended 31 December 2007.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

UBG did not issue any option, warrants or convertible securities during the financial year ended 31 December 2007.

### AMERICAN DEPOSITORY RECEIPT (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, UBG did not sponsor any ADR or GDR programme.

### SANCTIONS AND PENALTIES

There were no public sanctions and/or penalties imposed on UBG and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### NON-AUDIT FEES

Non-audit fees of RM368,000 were paid to the External Auditors for the financial year ended 31 December 2007.

### VARIATION IN RESULTS

There were no variances of more than 10% for the audited results of the Group from the unaudited results as announced on.

### PROFIT GUARANTEE

There was no profit guarantee by UBG and its subsidiaries during the financial year under review.

### MATERIAL CONTRACTS

There were no material contracts entered into or still subsisting involving directors' and major shareholders' interests for the financial year ended 31 December 2007.

### REVALUATION POLICY

The Group does not adopt a policy of regular revaluation on landed properties.

### LIST OF PROPERTIES AS AT 31 DECEMBER 2007

The UBG and its subsidiaries do not own any properties as at 31 December 2007.



# Statement of Internal Control

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the assets of UBG Berhad and its subsidiary ("UBG Group" or "the Group"). The Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") require directors of the listed companies to include a statement in their annual reports on the state of their internal controls. The Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Guidance') provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which is prepared in accordance with the Guidance.

## RESPONSIBILITY

For the purpose of this internal control statement, the Group's interests in RHB and its subsidiaries ("RHB Group") have not been dealt with herein following the disposal of UBG Berhad's entire interest in RHB Group to the Employees Provident Fund Board on 22 May 2007. Furthermore, the Group's interests in RHB Group were served through representation on the Board of RHB and its subsidiaries who sought assurance that significant risks were being managed.

At UBG Group level, the Board of Directors ("the Board") recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the UBG Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. In establishing and reviewing the adequacy and integrity of the systems, the Board has regarded the materiality of relevant risks, the likelihood of loss being incurred and the costs of control. These systems are designed to manage and not eliminate the risks to which the UBG Group is exposed to in meeting its business objective. The systems can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

## RISK MANAGEMENT

For the year under review UBG Berhad's principal activity is that of an investment holding following the disposal of RHB Group. The Board has maintained an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process has been approved by its Board. This process is regularly reviewed by the Board.

Where applicable and necessary, the Board also engages legal, regulatory and financial advisors to assist in the risk assessments and evaluation of its significant investments and undertakings.

## KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The Board of Directors has identified the key areas of risks and has in place the following key elements of the UBG Group's internal control systems as described below to manage these risks. The key elements of the UBG Group's internal control systems are described below:

- Clearly defined delegation of responsibilities to Committees of the Board and the management, including authorization levels for operational and investment activities. These are reviewed periodically for their relevance and effectiveness.
- Clearly documented internal policies procedures that are reviewed periodically and revised to integrate changes to reflect changing legal, regulatory, operational and business environment;
- Regular and comprehensive information is provided to the Board, covering financial performance, cash flows and key performance indicators;
- Preparation of detailed budget for the coming year which is approved by the Board;
- Monthly monitoring of monthly results against budget, with major variances being followed up and management action taken, where necessary;
- Appropriate staff training, development, motivation and incentives established to improve staff competency and productivity.
- All significant contracts and legally enforceable agreements are vetted by the external legal counsel and/or the ultimate holding company's Group Legal Department (if no conflict of interests arises).

On 15 November 2007, the Board has resolved to outsource the internal function of UBG Berhad to the Group Internal Audit Services of its ultimate holding company, Cahya Mata Sarawak Berhad. This is in compliance with the revised Malaysian Code of Corporate Governance released by Securities Commission of Malaysia on 1 October 2007 and after taking into consideration that UBG Berhad does not have any significant business or operations following the disposal of RHB and capital repayment of approximately RM1.37 billion.

The Board has not noted any internal control weaknesses during the period, or which have resulted in any material losses, contingencies or uncertainties which have not been disclosed in the UBG Group's annual report



## Statement of Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs, and the profit and loss of the Group and the Company for the financial year.

As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the Malaysian Accounting Standards Board's approved accounting standards, Bank Negara Malaysia's guidelines and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2007 set out on pages 18 to 53, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



## Corporate Social Responsibility

UBG supports the concept of Corporate Social Responsibility ("CSR"), which means taking into consideration the impact of all aspect of its operations including that of its subsidiaries on customers, employees, shareholders, communities and the environment in delivering a sustainable long term value to its stakeholders and society at large.

This obligation extends beyond the statutory obligation to comply with legislation. It extends to the Group conducting business in a way that brings long term social, economic and environmental benefits to the communities in which it operates.

For the financial year under review, the principal activity of UBG is investment holding. With the disposal its entire investment in Rashid Hussain Berhad on 22 May 2007, UBG ceased to have any significant business or operations. Consequently, UBG has not introduced any significant Corporate Social Responsibility (CSR) programme or activities for the financial year under review. However, the Board intends to introduce an active CSR programme for its enlarged group of companies when UBG's proposed acquisitions, as announced on 31 January 2008, have been completed.