

**BERJAYA CORPORATION BERHAD**

[Company No. 554790-X]

(Incorporated in Malaysia)

An Extract of Minutes of the Sixteenth Annual General Meeting of the Company held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 26 October 2017 at 10.00 a.m.

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**CHAIRMAN**

Dato' Sri Robin Tan Yeong Ching presided as Chairman of the Meeting.

**PRESENT**

The attendance list was set out in Appendix I attached.

**QUORUM**

The Secretary confirmed that a quorum was present for the Meeting.

**NOTICE OF MEETING**

The Notice of Annual General Meeting dated 29 August 2017 as contained on Page 322 to Page 326 of the Company's Annual Report was taken as read by the Secretary.

**POLL VOTING**

The Chairman informed that Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar was unable to attend the Meeting and extend his apologies to all members present.

The Chairman informed that the voting for all the resolutions to be considered at the Meeting would be put to vote by poll pursuant to Paragraph 8.29A (1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The shareholders would be required to complete the poll voting slips after all the resolutions have been duly proposed, seconded and clarified.

The Chairman begins with the Item 1 on the Agenda which is to receive and adopt the Company's audited financial statements for the financial year ended 30 April 2017 together with the Directors' and Auditors' Reports thereon.

**AUDITED FINANCIAL STATEMENTS**

The Chairman further informed that under the provisions of Section 340 subsection (1)(a) of the Companies Act 2016, the Company was required to lay before the meeting the audited financial statements and reports for the financial year ended 30 April 2017.

Hence, no resolution would be required on Item 1 of the Agenda in respect of the adoption of audited financial statements, Directors' and Auditors Reports for the financial year ended 30 April 2017 but members present would be able to ask questions and give comments on the Company's audited financial statements after the presentation by the Management.

The Chairman then invited Mr Steven Low Khung Leong, the Engagement Partner of Messrs Ernst & Young (“EY”), the external auditors of the Company, to present the Independent Auditors’ Report on the financial statements for the financial year ended 30 April 2017 to the members present.

After the briefings by Mr Steven Low Khung Leong, the Chairman invited Mr Tan Thiam Chai, the Chief Financial Officer of the Company, to brief the members on the Group’s financial performance for the financial year ended 30 April 2017. Mr Tan Thiam Chai also presented to the members the Company’s responses (Appendix II) to the queries raised by the Minority Shareholder Watchdog Group vide letter dated 17 October 2017 in relation to the Strategic & Financial Matters of the Group and Corporate Governance issues.

After the presentation by Mr Tan Thiam Chai, the Chairman then invited questions from the floor on the audited financial statements for the financial year ended 30 April 2017. A number of shareholders and proxies made comments and sought clarifications on various issues which were duly addressed by the Chairman, the Directors and Management Staff.

After having addressed all the questions raised, the Company’s audited financial statements for the financial year ended 30 April 2017 together with the Directors’ and Auditors’ Reports were duly adopted.

**1/16 DIRECTORS' FEES FOR 30 APRIL 2017**

The motion to approve the payment of Directors' fees amounting to RM248,866.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2017 under Resolution 1 was proposed by Mr Simon Chee Sai Mun and seconded by Mr Teh Kian Lang.

**2/16 DIRECTORS' FEES FROM 1 MAY 2017 UNTIL NEXT ANNUAL GENERAL MEETING IN 2018**

The motion to approve the payment of Directors' fees up to an amount of RM360,000.00 to the Non-Executive Directors of the Company for the period from 1 May 2017 until the next Annual General Meeting of the Company to be held in 2018 under Resolution 2 was proposed by Mr Simon Chee Sai Mun and seconded by Mr Thavarajan A/L Muthiah Pillai.

**3/16 DIRECTORS' REMUNERATION FROM 31 JANUARY 2017 UNTIL NEXT ANNUAL GENERAL MEETING IN 2018**

The motion to approve the payment of Directors' remuneration (excluding Directors’ fees) to the Non-Executive Directors of the Company up to an amount of RM296,000.00 for the period from 31 January 2017 until the next Annual General Meeting of the Company to be held in 2018 under Resolution 3 was proposed by Mr Joseph Lam Wai and seconded by Mr Thavarajan A/L Muthiah Pillai.

**4/16 RE-ELECTION OF DIRECTORS**

- (a) The motion on the proposed re-election of Dato’ Sri Azlan Meah Bin Hj Ahmed Meah as a Director of the Company pursuant to Article 94 of the Company’s Articles of Association under Resolution 4, was duly proposed by Mr Simon Chee Sai Mun and seconded by Mr Teh Kian Lang.

- (b) The motion on the proposed re-election of Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar as a Director of the Company pursuant to Article 94 of the Company's Articles of Association under Resolution 5, was duly proposed by Mr Teh Kian Lang and seconded by Mr Joseph Lam Wai.
- (c) The motion on the proposed re-election of Datuk Robert Yong Kuen Loke as a Director of the Company pursuant to Article 94 of the Company's Articles of Association under Resolution 6, was duly proposed by Mr Teh Kian Lang and seconded by Mr Simon Chee Sai Mun.

#### **5/16 AUDITORS**

The Chairman informed that Messrs Ernst & Young has indicated their willingness to continue in office.

The motion to move Resolution 7 in relation to the re-appointment of Messrs Ernst & Young as Auditors of the Company was proposed by Mr Joseph Lam Wai and seconded by Mr Simon Chee Sai Mun.

#### **6/16 SPECIAL BUSINESS**

- i) Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The motion to move Resolution 8 in relation to the authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 was proposed by Mr Teh Kian Lang and seconded by Mr Thavarajan A/L Muthiah Pillai.

The voting for the above resolution would be conducted by way of a poll to be taken upon completion of the remaining business of the Meeting.

The Chairman then passed the Chair to Datuk Robert Yong Kuen Loke for the purpose of considering Resolution 9 in relation to the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The Chairman informed that he is interested in Resolution 9 and he has to abstain from deliberating and voting on the said resolution.

- ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Datuk Robert Yong Kuen Loke informed the members that the proposed Resolution 9, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party transactions in accordance with Paragraph 10.09 of the Bursa Securities Listing Requirements.

Datuk Robert Yong Kuen Loke further informed that the following persons who are interested Directors and major shareholders of the Company as well as persons connected with them will abstain from voting on this resolution in respect of their direct and/or indirect shareholdings, namely:-

- a) Tan Sri Dato' Seri Vincent Tan Chee Yioun
- b) Dato' Sri Robin Tan Yeong Ching
- c) Nerine Tan Sheik Ping
- d) Morvin Tan U-Jiang
- e) Chryseis Tan Sheik Ling
- f) Tan Choon Lui

Datuk Robert Yong Kuen Loke further informed that Mr Chan Kien Sing is also a Director of certain companies of which the Company is deemed to have interest. Accordingly, he has voluntarily abstained from voting on Resolution 9 in respect of their direct and/or indirect shareholdings in the Company.

The motion to move Resolution 9 was proposed by Mr Teh Kian Lang and seconded by Mr Thavarajan A/L Muthiah Pillai.

Datuk Robert Yong Kuen Loke then passed the Chair back to the Chairman for the next agenda.

iii) Proposed Renewal of Authority for the Company to purchase its own shares

The motion to move Resolution 10 in relation to the proposed renewal of authority for the Company to purchase its own shares was proposed by Mr Teh Kian Lang and seconded by Mr Thavarajan A/L Muthiah Pillai.

iv) Proposed Retention of Independent Non-Executive Director  
- Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar

The Chairman informed that under the Malaysian Code of Corporate Governance 2012, it is recommended that the tenure of an independent director should not exceed a continuous term of more than 9 years, and the Board should seek shareholders' approval if there is intention to continue to retain such independent director in similar capacity.

The Chairman also informed that Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar has been appointed as an independent director of the Company since September 2005. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. Both the Nomination Committee and the Board have assessed the independence of Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar and was satisfied with his contributions and independent judgement that he brings to the Board.

The motion to move Resolution 11 in relation to the retention Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar as an Independent Non-Executive Director of the Company was proposed by Mr Simon Chee Sai Mun and seconded by Mr Teh Kian Lang.

v) Proposed Retention of Independent Non-Executive Director  
- Datuk Mohd Zain Bin Ahmad

The Chairman informed that under the Malaysian Code of Corporate Governance 2012, it is recommended that the tenure of an independent director should not exceed a continuous term of more than 9 years, and the Board should seek shareholders' approval if there is intention to continue to retain such independent director in similar capacity.

The Chairman also informed that Datuk Mohd Zain Bin Ahmad has been appointed as an independent director of the Company since September 2005. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. Both the Nomination Committee and the Board have assessed the independence of Datuk Mohd Zain Bin Ahmad and was satisfied with his contributions and independent judgement that he brings to the Board.

The motion to move Resolution 12 in relation to the retention Datuk Mohd Zain Bin Ahmad as an Independent Non-Executive Director of the Company was proposed by Mr Joseph Lam Wai and seconded by Mr Teh Kian Lang.

As there are no other resolutions to be considered, the Chairman then invited the representative from Berjaya Registration Services Sdn Bhd, En. Halim Md. Amin to explain the procedures on the conduct of poll voting.

The Chairman then declared that the Meeting be adjourned at 12.35 p.m. for the Share Registrar and the Scrutineers to count and tabulate the poll results respectively.

#### Announcement of Poll Results

After the votes had been counted and verified by Messrs LT Lim, the Chairman called the Meeting to order at 1.10 p.m. and the representative of Messrs LT Lim, Mr Han Meng Chew reported the results of the poll as follows:-

No.	Resolutions	Vote For		Vote Against	
		No. of Shares	%	No. of Shares	%
1.	Payment of Directors' Fees for financial year ended 30 April 2017	2,553,253,317	99.57	11,072,878	0.43
2.	Payment of Directors' Fees from 1 May 2017 until the next Annual General Meeting of the Company	2,553,199,764	99.57	11,124,165	0.43
3.	Payment of Directors' Remuneration (excluding Directors' Fees) for the period from 31 January 2017 until the next Annual General Meeting of the Company	2,553,163,009	99.56	11,160,920	0.44
4.	Re-election of Dato' Sri Azlan Meah Bin Haji Ahmed Meah as Director	2,540,142,326	99.01	25,284,532	0.99
5.	Re-election of Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar as Director	2,547,370,710	99.30	18,078,628	0.70
6.	Re-election of Datuk Robert Yong Kuen Loke as Director	2,548,249,044	99.37	16,126,269	0.63
7.	Re-appointment of Messrs Ernst & Young as Auditors	2,554,424,180	99.57	11,000,412	0.43
8.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	2,552,018,608	99.48	13,405,160	0.52
9.	Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	362,541,588	97.05	11,003,088	2.95
10.	Renewal of authority for the Company to purchase its own shares	2,554,406,132	99.57	11,020,726	0.43
11.	Retention of Dato' Hj. Md Yusoff @ Mohd Yusoff Bin Jaafar as Director	2,554,374,504	99.57	11,074,834	0.43
12.	Retention of Datuk Mohd Zain Bin Ahmad as Director	2,554,375,444	99.57	11,046,058	0.43

The Chairman then declared that all the following resolutions, that is Resolutions 1 to 12 were duly carried as follows:-

- 1) "THAT the payment of Directors' fees amounting to RM248,866.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2017 be and is hereby approved."

- 2) "THAT the payment of Directors' fees up to an amount of RM360,000.00 to the Non-Executive Directors of the Company for the period from 1 May 2017 until the next AGM of the Company to be held in 2018 be and is hereby approved."
- 3) "THAT the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM296,000.00 for the period from 31 January 2017 until the next AGM of the Company to be held in 2018 be and is hereby approved."
- 4) "THAT Dato' Sri Azlan Meah Bin Hj Ahmed Meah, being the Director retiring pursuant to Article 94 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."
- 5) "THAT Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar, being the Director retiring pursuant to Article 94 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."
- 6) "THAT Datuk Robert Yong Kuen Loke, being the Director retiring pursuant to Article 94 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."
- 7) "THAT Messrs Ernst & Young be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration."
- 8) "THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
- 9) "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 29 August 2017 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate

was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

10) “THAT, subject always to the Companies Act 2016, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BCorporation Shares”) through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

- 1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued share capital of the Company;
- 2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
- 3. the authority shall commence immediately upon passing of this ordinary resolution until:-
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BCorporation Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BCorporation Shares so purchased by the Company in the following manner:-

- (a) cancel all the BCorporation Shares so purchased; or
  - (b) retain all the BCorporation Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
  - (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
  - (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”
- 11) “THAT Dato’ Hj Md Yusoff @ Mohd Yusoff Bin Jaafar be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine years.”
- 12) “THAT Datuk Mohd Zain Bin Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine years.”

## **7/16 CONCLUSION**

The Chairman concluded and closed the meeting at 1.20 p.m. and thanked the members for their presence at the meeting.

Confirmed,

CHAIRMAN

Dated: 30 October 2017



**ATTENDANCE LIST FOR ANNUAL GENERAL MEETING  
BERJAYA CORPORATION BERHAD HELD ON 26 OCTOBER 2017**

**Directors**

1)	Dato' Sri Robin Tan Yeong Ching	Chairman/Chief Executive Officer
2)	Vivienne Cheng Chi Fan	Executive Director
3)	Dato' Sri Azlan Meah Bin Haji Ahmed Meah	Executive Director
4)	Dato' Zurainah Binti Musa	Executive Director
5)	Nerine Tan Sheik Ping	Executive Director
6)	Chan Kien Sing	Non-Executive Non-Independent Director
7)	Datuk Robert Yong Kuen Loke	Independent Director
8)	Datuk Mohd Zain Bin Ahmad	Independent Director
9)	Dr Jayanthi Naidu Binti A/P G. Danasamy	Independent Director

**In Attendance**

1)	Tham Lai Heng Michelle	Company Secretary
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**Management Team and By Invitation**

	Name	Representative from
1)	Tan Thiam Chai	Chief Financial Officer, Berjaya Corporation Berhad
2)	Ernest Lau Lub Ding Janine Thong Hen Jong Ren Lam Pin Jun	Group Accounts and Budgets, Berjaya Corporation Berhad
3)	Steven Low Khung Leong Cynthia Lai Nai Ting Ryan Wong Hing Yee Simon Kua	Messrs Ernst & Young
4)	Han Meng Chew	Messrs LT Lim @ Associates, Independent Scrutineers
5)	Ching Chun Keat Halim Md. Amin	Berjaya Registration Services Sdn Bhd
6)	Dato' Lim See Teok	Dragon Spring group
7)	Datuk Pee Kang Seng Tan Tee Ming	Property Project, Berjaya Land Berhad
8)	Vincent Seow Swee Pin Vivien Lee	Berjaya Sports Toto Berhad
9)	Teh Ming Wah	Berjaya Hills Berhad
10)	Khor Poh Waa	Berjaya Vacation Club Berhad
11)	Foo Toon Kee	Berjaya Hotels and Resorts
12)	Lau Bik Soon Ho Meng	Redtone International Berhad
13)	Yeap Dein Wah Liang Sook Sook	Cosway (M) Sdn Bhd
14)	Kuok Wee Kiat Tan Mun Choy	Inter-Pacific Securities Sdn Bhd
15)	Yau Su Peng	Informatics Education Limited / BLoyalty Sdn Bhd
16)	Gan Kim Pho	Berjaya Higher Education Sdn Bhd
17)	Derek Chin Chee Seng Ooi Lee Meng	Berjaya Lottery Vietnam Limited
18)	Chock Eng Tah Steven Wong Sim Chew Peter Wong Chuan Keat How Lim Sek	KUB-Berjaya Enviro Sdn Bhd
19)	Chong Boon Kian Ng Kah Yean	Bermaz Auto Berhad
20)	Saw Yung Sheng Chuah Pak Nee	Food & Beverage
21)	Teoh Peng Hong	Berjaya Books Sdn Bhd
22)	Wong Ee-Coln	Berjaya Philippines Inc.
23)	Simone Lee	Berjaya Pharmacy Sdn Bhd
24)	Datuk Donald Choo Keng Kit	Berjaya China Motor Sdn Bhd



26 October 2017

General Manager  
 Minority Shareholder Watchdog Group  
 Tingkat 11, Bangunan KWSP  
 No.3 Changkat Raja Chulan  
 Off Jalan Raja Chulan  
 50200 Kuala Lumpur

Attn: Mdm Lya Rahman

Dear Madam,

**BERJAYA CORPORATION BERHAD (“BCORP”)  
 ANNUAL GENERAL MEETING - FOR FINANCIAL YEAR ENDED 30 APRIL 2017**

We refer to your letter dated 17 October 2017 raising certain points and queries on BCorp’s Annual Report for the financial year ended 30 April 2017 and are pleased to furnish herewith our reply (in the same sequential order) to those points and queries raised by your esteemed body as follows:

**Strategic/Financial Matters**

- 1)(i) Berjaya Gia Thinh Investment Technology Joint Stock Company (“BGTI”) commenced the lottery operations in July 2016 at Ho Chi Minh City (“HCMC”). By the end of 2016, BGTI has expanded to Hanoi and other provinces. As at the end of the financial year ended 30 April 2017 (“FYE 2017”), BGTI was operating in 12 cities and provinces. Since August 2017 till now, BGTI has expanded to a further 22 provinces to give a total of 34 cities and provinces (there are a total of 63 cities and provinces in Vietnam). BGTI targets to set up 1,500 new terminals during FYE 2018 so as to have at least 4,000 terminals operating in Vietnam by the end of financial year ending 30 April 2018.
- (ii) The lottery operations contributed about RM50.0 million in revenue from two game products with 6-draw days per week in this financial year and incurred more than RM40.0 million in losses during this gestation period of operations. The losses are mainly attributed to pre-operating set up costs and intensive operational implementation expenses prior to the commencement of sales, pre-launch and post launch promotional and advertising expenses, progressive roll-out of outlets and products initially with only one product from a single city of HCMC and thereafter into other cities and provinces.

**BERJAYA CORPORATION BERHAD**

(Company No. 554790-X)

Level 12 Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

Tel:603-2149 1999 Fax: 603-2148 9637

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- 1(iii) According to the agreement with the Vietnam government, the Group is committed to install 10,000 terminals throughout the whole of Vietnam in the first 5 years, with more gaming products and distribution channels (mobile, internet and tele-betting) within this period of time. As there are still many phases of implementation to be completed, the Group is not expecting BGTI to contribute positively in the short term.
- 2)(i) Currently, Cosway has implemented eCommerce platform for its operation in Malaysia. Cosway will roll out its Online Virtual Stores (“OVS”) here by financial year 2018. Cosway is positive about the growth prospect of eCommerce which allow Cosway to capture the new generation of consumers who believe that online buying is cheaper and that they have the convenience of shopping at any time and from anywhere using their smart phones with the option of having their shopping delivered to their homes. Cosway plans to expand this concept to all its overseas operations once it is proven successful in Malaysia.
- (ii) The OVS are developed by Cosway’s in-house IT team and as such, not much additional CAPEX was incurred for this project.
- (iii) While Cosway expect a slow start and lower contribution in the beginning due to consumers’ acceptance, Cosway expect revenue from eCommerce platform to increase greatly with the implementation of the OVS going forward.

Also, with the introduction of OVS, Cosway will reduce the number of physical stores to lower its operating costs in terms of store rentals, store operating expenses and in-store stock holdings. Cosway plans to rationalise the number of physical stores over the next 3 years due to different expiry periods of the store leases.

- (iv) To improve the financial performance of Cosway, various action plans have been implemented, such as to adopt a rebranding strategy to attract the younger consumers; to use social media for efficient and effective advertisement of the brand to the Millennials; and to convert most of the physical stores into virtual stores to reduce operating expenses.
- 3) Inter-Pacific Capital Sdn Bhd (“IPC”)’s current market share in terms of the overall value of transactions in the stockbroking industry is approximately 1.5% and it is among the larger non-bank owned stockbroking companies in Malaysia.

Given the prevailing economic conditions and global financial outlook together with the coming 14th general election, the Board is of the view that IPC will remain profitable for the financial year ending 30 April 2018.

IPC will continue to grow its stockbroking business through the promotion of online trading and acquisition of new retail, corporate and institutional clients. To reduce the effect of the cyclical nature of the business, IPC plans to increase its fee based income through corporate finance and fund management services.

## **BERJAYA CORPORATION BERHAD**

(Company No. 554790-X)

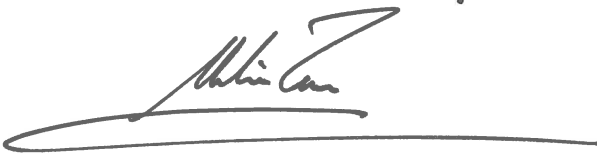
Level 12 Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

Tel:603-2149 1999 Fax: 603-2148 9637

- 4) The reasons for the impairment were disclosed in Note 12.3(5)(a) on page 155 of the annual report. Impairment is required because the recoverable amount of the value-in-use (“VIU”) of the gaming rights is lower than its carrying value. The evaluation of the VIU depends on factors such as the continued challenging economic and regulatory environment of the gaming operations in their respective jurisdictions and also the useful life of the gaming rights allocated to the Philippines operations is no longer indefinite. According to accounting standards, the impairment of intangible assets such as gaming rights and goodwill are not allowed to be reversed.
- 5) A penalty on foreign tax of RM41.704 million was disclosed in Note 33(c) on page 203 of the annual report. This is in relation to the imposition of a penalty on back years’ withholding taxes on income received from Taiga Building Products Ltd during the calendar years from 2005 to 2013 by the Canadian Revenue Agency (“CRA”) alleging that the Group’s re-domiciliation exercise carried out in the financial year ended 30 April 2006 from Cayman Islands to Luxembourg was aggressive tax planning (i.e. using double tax treaties that are most advantageous to the Group). The Group has paid the said penalty upfront in compliance to the Canadian tax laws but it has also instituted legal actions against the CRA to defend its position that such tax planning is legal and to recover the additional taxes and penalty paid. However, such actions are usually protracted and will take several years to resolve.

We trust the above have clarified the points raised.

Yours faithfully  
For and on behalf of  
Berjaya Corporation Berhad



Dato' Sri Robin Tan Yeong Ching  
Chairman/Chief Executive Officer

**BERJAYA CORPORATION BERHAD**

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