

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7086  
**COMPANY NAME** : ABLEGROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2017

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### **Practice 1.1**

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the "Board") has the overall responsibility for the performance of the Group by leading and controlling the Group's business and affairs to ensure that the Group's objectives and shareholders value are met. The Board oversees the Group's performance and operation progress towards the corporate objectives.</p> <p>The Company's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Company's website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p> <p>The Board has delegated some of its responsibilities to the Committees of the Board, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The activities of each Committee are set out in the Corporate Governance Overview Statement in the Annual Report 2017.</p> <p>The Board, together with the Management promotes good Corporate Governance culture within the organization which reinforces ethical, prudent and professional behaviour amongst employees and Boards members as per Code of Conduct practiced.</p> <p>The Board meets on a quarterly basis and additionally as required from time to time to consider urgent proposals or matters that require the Board's decision. Quarterly meetings are scheduled in advance annually so that the Directors can plan ahead to ensure their attendance at Board meetings. Quarterly performance reports alongside with operation updates are presented to the Board by Management for review and approval.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present Chairman of the Board is Mr Yeoh Chong Keat who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board, under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. All Directors are encouraged to share their views on the Company's affairs and issues and they are entitled to have access to the senior management who will respond to queries raised by the Directors.</p> <p>The key responsibilities of the Chairman include:-</p> <ul style="list-style-type: none"> <li>• ensure the conduct and working of the Board is in an orderly and effective manner;</li> <li>• lead the Board in its collective oversight of the management, facilitating active discussion and participation by all Directors and ensure that sufficient time is allocated to discuss all relevant issues at Board meetings.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Mr Yeoh Chong Keat is an Independent Non-Executive Director while Dato' Lim Kim Huat is the Managing Director.</p> <p>There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily business and implementation of Board policies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board policies and procedures are followed and that applicable rules and regulations are complied with. The Company Secretary regularly update the Board on new statutes and directives issued by the regulatory authorities and keep the Board informed of their responsibilities.</p> <p>Prior to the Board meetings, the Company Secretary will furnish the notice together with the agenda to the Directors to allow them to have adequate preparation time to ensure effectiveness at the proceedings of the meeting.</p> <p>The Company Secretary, who is qualified, experienced and competent, organises and attends all Board and Board Committee meetings and is responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.</p> <p>Every quarter, the Company Secretary would send reminder to the Directors and Principal Officers of the Company on closed period dealing, process and procedure to aid them in complying with the Main Market Listing Requirement ("MMLR").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to the Board and Board Committee meetings, the Company will circulate at least three (3) days before the date of Board meetings all Board meeting papers including quarterly and annual year-to-date financial statements, minutes of previous meetings, annual budget and business plans, operation reports, and updates on statutory regulations and requirements and other administrative matters.</p> <p>Draft minutes of the meetings are circulated by the Company Secretary to the Board of Directors and Committee members for review and approvals.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Charter adopted by the Board clearly sets out the respective roles and responsibilities of the Board and the management to ensure accountability. It outlines processes and procedures for the Board and its committee in discharging their stewardship effectively and efficiently. The Board Charter is made available on the Company’s website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>. The Terms of References of the AC, NC and RC are also available on the website for reference.</p> <p>The Board Charter is reviewed periodically incorporating updates and enhancements, and continues to be relevant to the existing rules and regulations as well as standards of corporate governance.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.1**

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has a Code of Conduct ("Code") which governs the conduct of all the Group employees including the Boards members.</p> <p>The Code is available on the Company's website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation.</p> <p>To this end, the Company has adopted a Whistle Blowing Policy which fosters an environment that engenders integrity, transparency and fairness to all employees and where genuine concerns related to possible improprieties in matter of financial reporting, compliance and other malpractices can be objectively investigated and addressed.</p> <p>The Whistle Blowing Policy can be assessed at the Company's website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has five (5) members, comprising the Managing Director and four (4) Independent Directors, i.e. more than 50% Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	<p>The Board continues to retain Mr Cheong Marn Seng, the Independent Non-Executive Director who has served for a cumulative period of more than nine (9) years and will seek shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company.</p> <p>In justifying the decision, the Nomination Committee and the Board, after having reviewed and assessed the independence of Mr Cheong Marn Seng, considers him to be independent and remain unbiased, objective in expressing his opinions and in participating in the decision making of the Board. The length of his services on the Board has not in any way interfered with his objective and independent judgment in carrying out his roles as members of the Board and relevant Committees. Furthermore, his pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable him to make significant contributions actively and effectively to the Company's decision making during Board deliberations or discussions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. This includes the selection of Board members and senior management.</p> <p>In addition, the Group believes it is of utmost importance that the Board and senior management is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgment to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.</p> <p>The Nomination Committee (“NC”) is delegated with the responsibility of assessing and considering and recommending to the Board, suitable candidates for appointment as Directors, after taking into consideration the candidates’ background, capabilities, expertise, experience, character, integrity and professionalism.</p> <p>The Board, alongside the NC, undertakes review of the composition of the Board to ensure that they remain diverse.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board seeks to support that its membership reflects diversity covering a combination of skills, experience, race, age, gender, educational and professional background and other relevant personal attributes in providing a range of perspectives and insights to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board will consider new appointment to be Board to take into account the specific skills and experience, independence and knowledge needed to ensure an effective Board and the diversity benefits each candidate can bring to the overall Board composition. On gender diversity, the Board recognising the emerging targets for companies to move towards having a certain number or percentage of female representation and will take opportunities to increase the number of female Board Members where that is consistent with other skills, diversity and requirements of the Board.</p> <p>The Board will also seeks to ensure the development of diversity in the senior management roles within the Group and supports and oversees the Group's objective of achieving senior roles held by female executives and to develop opportunities for female executives to ensure unbiased career progression opportunities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	As and when required	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There was no appointment of new Director in the financial year ended 31 December 2017. Should there be any new appointment; the Nomination Committee will rely on varied sources from recommendations from existing Board members, major shareholders or independent sources.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	As and when required	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mr Wong Heang Fine, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

**Practice 5.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Nomination Committee undertook the evaluation to assess the Board, Board Committees and each individual director annually by conducting an internally facilitated assessment of the Board, its Committees and individual Director. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for consideration and action. The Board is satisfied with the outcome and that the skills and experience of the current Directors meet the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the Group's performance. All assessment and evaluations carried out by the Nomination Committee in the discharge of its functions were properly documented.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.1**

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration packages of the Directors. The Board believes that fair remuneration is important to attract, retain and motivate Directors needed to run and manage the Company successfully. The remuneration seeks to enable the Company to provide a well-balanced and competitive compensation package that is focused on sustainable results and is aligned with the business strategy of the Company, taking into account shareholder’s interests, industry trend and standards and applicable laws and regulations.</p> <p>The remuneration policies and procedures are periodically reviewed and made available on the Company’s website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The following Directors sit on the Remuneration Committee: <ol style="list-style-type: none"><li>1. Mr Yeoh Chong Keat (<i>Chairman of the Committee</i>) – Independent Non-Executive Director</li><li>2. Mr Cheong Marn Seng – Independent Non-Executive Director</li><li>3. Mr Loi Heng Sewn – Independent Non-Executive Director</li></ol> The Remuneration Committee carried out its duties in accordance to its Terms of Reference which can be obtained from the Company's website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The details of the remuneration of each Director of the Company for the financial year ended 31 December 2017 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2017.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The remuneration of the Key Senior Management of the Company will be disclosed on an aggregate basis in bands of RM50,000 as the Board is of the opinion that the disclosure of the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the AC and the Chairman of the Board are held by different Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The policies and procedures established by the AC on External Auditor includes amongst other, the policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC.</p> <p>The Terms of Reference of the AC has been amended to incorporate the above practice. The Terms of Reference of the AC is available for reference on the Company’s website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee has adopted the policies and procedures to review and evaluate the suitability, independence and objectivity of the external auditors.</p> <p>The Company has through the Audit Committee established a transparent and appropriate relationship with the external auditors. The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditor in providing the auditors' reports to the shareholders. The external auditors held private discussions with the Audit Committee without the presence of the Management at least twice yearly to discuss on the area of audit concern, if any.</p> <p>The external auditors are also invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions relating to the financial statements of the Group and the Company.</p> <p>The Audit Committee is satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 31 December 2017 and has recommended for shareholders' approval at the forthcoming AGM on their re-appointment for the financial year ending 31 December 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee of the Company currently consists of four (4) members, who are all Independent Non-Executive Directors:</p> <ol style="list-style-type: none"><li>1. Mr Cheong Marn Seng (<i>Chairman of the Committee</i>) – Independent Non-Executive Director</li><li>2. Mr Yeoh Chong Keat – Independent Non-Executive Director</li><li>3. Mr Wong Heang Fine – Independent Non-Executive Director</li><li>4. Mr Loi Heng Sewn – Independent Non-Executive Director</li></ol>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The members of the AC of the Company comprised at least one member with the requisite accounting qualification based on the requirements of the MMLR of Bursa Securities. Members of the AC possess the necessary skills and qualifications to discharge their duties in accordance with the Terms of Reference of the AC. During the financial year ended 31 December 2017, the Directors including members of the AC received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the relevant legislation, rules and regulations.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity.</p> <p>The Board affirms its overall responsibility for establishing an effective risk management and internal control framework which is in place and has been enhanced over the years.</p> <p>The Board exercises its oversight of risk management and internal control through the AC which meets on a quarterly basis. The AC is supported by the outsourced Internal Auditors in discharging its duties and responsibilities.</p> <p>The Board is dedicated to operating a sound system of internal control and recognizes that the system must continuously evolve to support the business and the size of the Group.</p> <p>For the financial year under review, the Board is satisfied that there were no material control deficiencies, losses or contingencies noted as the reported internal control weaknesses are considered to be at an acceptable level within the context of the Group's business environment.</p> <p>The Board together with the management will continuously assess the adequacy and effectiveness of the Group's system of risk management and internal controls and will take proactive measures to enhance the system.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control presented in the Annual Report 2017. The internal control and risk management framework of the Company are designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee of the Company is responsible for monitoring and reviewing the effectiveness of the Group's internal audit function. The internal audit function's activities are outsourced to an independent professional firm, who is adequately resourced to ensure the audit activities are carried out professionally with independence, objectivity and impartiality without interference.</p> <p>The Internal Auditors are given full access to all documents relating to the Group's governance, financial statements and operational assessments, and report directly to the Audit Committee on all matters of internal control and audit.</p> <p>The details of the internal audit function are set out in the Audit Committee Report in the Annual Report 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company is outsourced to an independent professional firm, Sterling Business Alignment Consulting Sdn Bhd who is adequately resourced and whose personnel are free from any relationships in ensuring an independent, objective assurance and to add value to improve the Group’s operations.</p> <p>The Internal Auditors report to the AC on their audit findings, their recommendations of the corrective actions to be taken by Management together with Management’s responses in relation thereto. The Internal Auditors will follow up on the implementation of their recommendations by Management and report to the AC accordingly.</p> <p>During the financial year under review, the Internal Auditors undertakes internal audit functions based on the audit plan that has been reviewed and approved by the Audit Committee. The audit plan covers review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognizes the importance of communication and proper dissemination of information to its shareholders and investors. Through disclosure of relevant information such as announcements, quarterly report and financial results, Annual Reports and Circulars, the Company aims to provide transparency to shareholders.</p> <p>The Board has established a Corporate Disclosure Policy to facilitate the handling and disclosure of material information in a timely and accurate manner. The policy can be reached on our website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p> <p>Furthermore, the Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders at the general meetings of the Company on clarifications of the Group's business and/or relevant information is encouraged.</p> <p>The Company also has a website which is easily accessible by all where Company's profile, Company's policies, announcements and other information are available for reference.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The 14th Annual General Meeting of the Company has been scheduled on 8 June 2018 and the Notice for the Annual General Meeting has been despatched to shareholders of the Company on 30 April 2018, more than 28 days prior to the meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Directors of the Company will commit themselves to attend the forthcoming AGM scheduled on 8 June 2018 save for unforeseeable reasons beyond their control, and will take relevant questions addressed to them, if any.</p> <p>Senior Management and External Auditors will also be present to answer questions raised by the shareholders if addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company’s general meetings have always been held at a venue where is easily accessible.</p> <p>Shareholders are entitled to appoint representatives or proxy/proxies to vote on their behalf in their absence at general meetings. There is no necessity for remote shareholder participation at the general meetings of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

N/A
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