

► 2017

# ANNUAL REPORT



*Delivering Excellence in Bespoke Craftmanship*





# Contents

2	Corporate Information
3	Corporate Structure
4	Directors' Profile
6	Key Senior Management
7	Letter to Shareholders
8	Management Discussion And Analysis
12	Sustainability Report
18	Corporate Governance Overview Statement
27	Audit Committee Report
29	Remuneration Committee Report
30	Nomination Committee Report
31	Statement on Risk Management and Internal Control
34	Additional Compliance Information
35	Directors' Responsibility Statement in preparing the Audited Financial Statements
36	Financial Statements
104	Independent Auditors' Report
108	List of Properties
109	Analysis of Shareholdings
111	Notice of Annual General Meeting
114	Statement Accompanying Notice of Annual General Meeting
115	Form of Proxy

# Corporate Information

## BOARD OF DIRECTORS

**YEOH CHONG KEAT**  
*Chairman/  
Independent Non-Executive Director*

**WONG HEANG FINE**  
*Deputy Chairman/  
Independent Non-Executive Director*

**DATO' LIM KIM HUAT**  
*Managing Director*

**LOI HENG SEWN**  
*Independent Non-Executive Director*

**CHEONG MARN SENG**  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

**CHEONG MARN SENG**  
*Chairman*

**WONG HEANG FINE**  
*Member*

**YEOH CHONG KEAT**  
*Member*

**LOI HENG SEWN**  
*Member*

## NOMINATION COMMITTEE

**WONG HEANG FINE**  
*Chairman*

**CHEONG MARN SENG**  
*Member*

**LOI HENG SEWN**  
*Member*

## REMUNERATION COMMITTEE

**YEOH CHONG KEAT**  
*Chairman*

**CHEONG MARN SENG**  
*Member*

**LOI HENG SEWN**  
*Member*

## COMPANY SECRETARIES

**LIM FEI CHIA**  
(MA/CSA 7036158)

**TAN FONG SHIAN @ LIM FONG SHIAN**  
(MA/CSA 7023187)

## CORPORATE OFFICE

Block D4-U2-10  
Level 2, Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Tel : 03-6207 8186  
Fax : 03-6207 8786

## REGISTERED OFFICE

Suite 11.1A, Level 11, Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03-2031 1988  
Fax : 03-2031 9788

## SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE  
SERVICES SDN BHD  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9299  
Fax : 03-2783 9222

## AUDITORS

Baker Tilly Monteiro Heng  
Baker Tilly MH Tower, Level 10  
Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

## PRINCIPAL BANKERS

Bangkok Bank Berhad  
Alliance Bank Malaysia Berhad

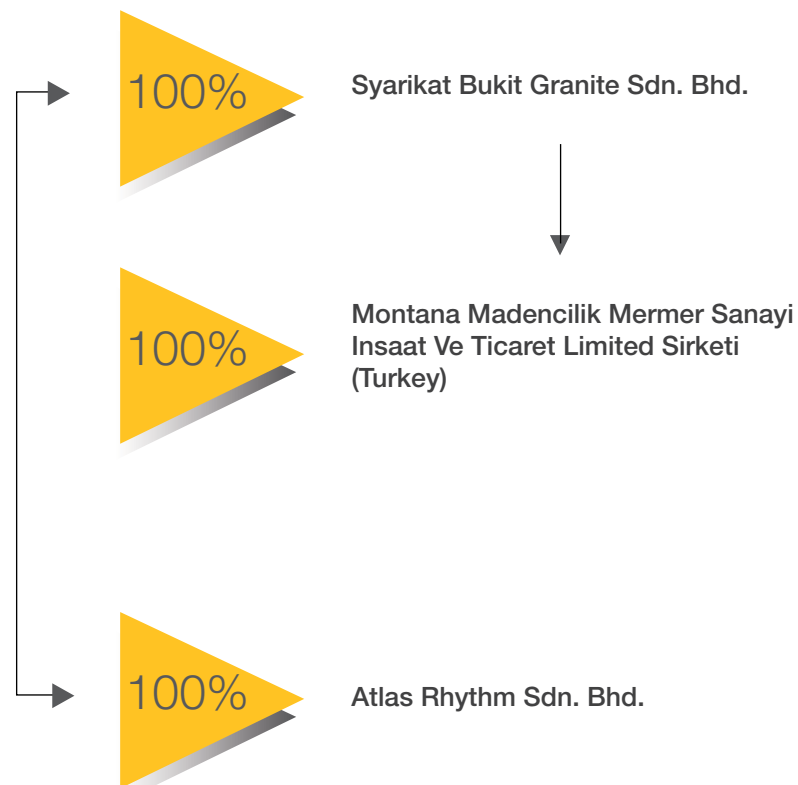
## WEBSITE

[www.ablegroup.com.my](http://www.ablegroup.com.my)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : ABLEGRP  
Stock Code : 7086

# Corporate Structure



## Directors' Profile



### Yeoh Chong Keat

(60 years of age – Malaysian / Male)  
Chairman, Independent Non-Executive Director

Yeoh Chong Keat, an Independent Non-Executive Director and Chairman of the Board, was appointed to the Board of the Company on 1 August 2011 as a Non-Independent Non-Executive Director. Mr Yeoh was re-designated as an Independent Director of the Company on 19 August 2013. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Board.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd. which provides corporate secretarial and advisory services to private and public listed companies. He is the President/CEO of Archer Corporate Services Sdn. Bhd.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is also a director of Advancecon Holdings Berhad and Lien Hoe Corporation Berhad, which are both listed on the Main Market of Bursa Securities. In addition, he is a director of Axis REIT Managers Berhad (which manages Axis REIT, listed on the Main Market of Bursa Securities).

He has no conviction for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year. He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

As at 30 March 2018, he has direct shareholdings of 900,000 ordinary shares in the Company. He attended all the seven (7) Board of Directors' meetings of the Company held during the financial year ended 31 December 2017.

### Dato' Lim Kim Huat

(58 years of age – Malaysian / Male)  
Managing Director

Dato' Lim Kim Huat was appointed as Managing Director of the Company on 15 September 2009.

He is a Certified Public Accountant by profession and is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He began his career at PricewaterhouseCoopers in Kuala Lumpur in 1980 before switching to the commercial sector. Dato' Lim is now a businessman and entrepreneur with extensive exposure and experience across diverse industries including manufacturing, trading, property development, agriculture, leisure and entertainment, and food services.

Dato' Lim sits on the board of Widetech (Malaysia) Berhad and Golden Agro Plantation (Mukah) Berhad. He was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika".

He is the major shareholder of the Company through Parallel Pinnacle Sdn Bhd with holdings of 140,816,400 ordinary shares as at 30 March 2018. He has no family relationship with any Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all the seven (7) Board of Directors' meetings of the Company held during the financial year ended 31 December 2017.





# Directors' Profile

(Cont'd)



## Wong Heang Fine

(60 years of age - Singaporean / Male)  
Deputy Chairman, Independent Non-Executive Director

Wong Heang Fine, an Independent Non-Executive Director and Deputy Chairman of the Board, was appointed to the Board of the Company on 15 November 2007 as a Non-Independent Non-Executive Director. Mr Wong was re-designated as an Independent Director of the Company on 1 August 2011. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Board.

He holds a Master of Science in Engineering Production & Management from the University of Birmingham, UK and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, UK.

He joined Temasek as Corporate Advisor on 7 November 2014 with the task of overseeing the merger of Surbana International Consultants and Jurong International Holdings. On 16 February 2015, he was appointed as Group Chief Executive Officer for the merged entity that provides sustainable urban life-cycle solutions globally.

He has held several key leadership positions prior to this appointment. He was the Chief Executive Officer of CapitaLand Singapore Limited (Residential) and CapitaLand GCC Holdings, and also the Country Chief Executive Officer in charge of developing CapitaLand's business in the Gulf Cooperation Council (GCC) region. Mr Wong was also appointed as Chief Executive Officer of Capitala, a joint venture company between CapitaLand Singapore and Mubadala Development Company, UAE. He was appointed as President of Real Estate Developers' Association of Singapore (REDAS) for Term 2011 to 2012.

Prior to this, he was President & Chief Executive Officer of SembCorp Engineers and Constructors Pte Ltd (SEC) [now known as Sembawang Engineers and Constructors]. In 1998, he joined Cathay Organisation Pte Ltd as Deputy President, where he helped realise the company's 40-year ambition of going public by utilising a reverse takeover strategy through IMM Multi-Enterprise (IME) which was listed on SESDAQ. In July 1999, he was appointed as President & CEO of Cathay Organisation Holdings.

From November 1996 to February 1998, he was the Director (Infrastructure) of L&M Group Investments Ltd, where he was involved in the restructuring of L&M Group Investments Ltd (LMGI) by spearheading diversifications into infrastructure and property projects. From August 1991 to November 1996, he joined Singapore Technologies Industrial Corporation (STIC). Under STIC, he pioneered the infrastructure development of the industrial estate and a 24,000 hectare international resort belt on Bintan Island (Indonesia), which was completed in just less than five years. He was also instrumental in developing and later managing the Bintan Lagoon Resort, the first 4-star international resort hotel on the island, two 18-hole signature golf courses and 57 units of bungalow housing costing S\$240 million. From 1981 to 1984, Mr Wong was recruited by the Singapore Public Service Commission office in London to join the Economic Development Board as a Senior Industry Officer. His responsibilities included the promotion and development of investments in the area of manufacturing of Industrial Machinery and Tools and Dies.

He is not a director of any other public companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company, has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2017.

## Directors' Profile

(Cont'd)

### Loi Heng Sewn

(58 years of age - Malaysian / Male)  
Non-Independent Non-Executive Director

Loi Heng Sewn, an Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006 as a Non-Independent Non-Executive Director. Mr Loi was re-designated as an Independent Director of the Company on 28 February 2018. He is a member of the Nomination Committee of the Board, and newly appointed member of the Audit Committee and Remuneration Committee of the Board on 28 February 2018.

He holds a Bachelor of Business Administration (Management) from Lakehead University, Thunder Bay, Ontario, Canada. He started his career with the MBf group of companies as a member of their senior management team. He was also a member of the Board of Directors on a number of the MBf group of companies.

He has vast operational and managerial experience in the manufacturing, plantation and real estate industries after having involved in the capacity as a business owner.

He is not a director of any other public companies, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2017.

### Cheong Marn Seng

(53 years of age - Malaysian / Male)  
Independent Non-Executive Director

Cheong Marn Seng, an Independent Non-Executive Director, was appointed to the Board of the Company on 28 September 2006. He is the Chairman of the Audit Committee, and member of the Nomination Committee and Remuneration Committee of the Board.

He holds a Bachelor of Commerce degree in economic and finance from The University of Melbourne, Australia and is a Chartered Accountant of The Malaysian Institute of Accountants. He has wide experience and knowledge in corporate finance, after working in the corporate finance department of an investment bank for more than 8 years in senior management position. Prior to his stint with the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial service division.

He has since 2001 been an executive director of Lien Hoe Corporation Berhad, a company listed on the Main Market of Bursa Securities.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

As at 30 March 2018, he has direct shareholdings of 9,000 ordinary shares in the Company. He attended all the seven (7) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2017.

## Key Senior Management



### Anthony Toh

(56 years of age - Malaysian / Male)  
Chief Operating Officer

Anthony Toh was appointed as the Chief Operating Officer on 16 June 2008 and he is primarily responsible for the overall operations as well as developing business opportunities in the domestic and overseas markets for the building material business of the Group.

He is a qualified management accountant from the Chartered Institute of Management Accountants (UK) and has been with the Company for more than 15 years and together has about 20 years of working experience in the stone business.

He does not hold any directorship in public listed companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 31 December 2017.



# Letter To Shareholders

## Dear Valued Shareholders,

**We take great pleasure in presenting to you the Annual Report and Audited Financial Statements of AbleGroup Berhad and its subsidiaries ('the Group') for the year ended 31 December 2017.**

## Review of Operations

During the year 2017, the Group has mainly worked on managing the supply and installation of stone works contracts of three (3) major projects located in Desaru Johor and Klang Valley namely Aman Country Clubs and Villa and Hard Rock Hotel in Desaru as well as Ritz-Carlton Residence Tower. These projects were completed in 2017 with revenue of RM5.798 million and had replenished the order book from the concluded residential projects namely Damansara City, Le Nouvel and Serai. We have a sense of pride and satisfaction to have participated in these projects to their successful conclusion, adding to our list of project references and reputation in the market.

From these three (3) major projects and other on-going projects, the Group achieved revenue of RM9.063 million for the financial year ended 31 December 2017 ("FYE17"), a decrease of 8% compared to revenue of RM9.894 million in the preceding financial year ended 31 December 2016 ("FYE16"). The decrease in revenue recognition for FYE17 is mainly associated with the lower contract revenue from these projects.

Despite the lower revenue in FYE17, the Group delivered a positive financial performance for FYE17 with net profit of RM0.003 million compared to the net loss of RM0.869 million in FYE16. The positive results were mainly contributed by the better project margins as well as cost savings from the downsized workforce.

In 2017, the Property division has re-strategized its development order with the increase in density to accommodate the changing (soft) market conditions for high-rise residential properties. The Group is enhancing and refining the development concepts and layouts of the project as well as marketability with the aim of generating better returns for shareholders upon project launch.

## Prospects

The Group will continue to monitor and review its business plans taking into consideration the changing local market and economic conditions to achieve sustainable positive results.

On the building material segment, the Group will also continue to mitigate the risk and exposure in tendering for projects. In addition to orders on hand, we are looking to successfully win bids for more new projects in 2018 to achieve better results in an improving operating environment.

On the property development side, the Board will continue to monitor the market conditions before moving forward with the residential project to make it a successful project and lead to a good branding for future projects.

## Acknowledgements

We wish to express our sincere appreciation and gratitude to our management team and staff for their dedication and diligence and to our stakeholders, shareholders, customers, vendors, financiers, and business associates for their support.

We would also record our appreciation to our fellow directors for their counsel and support.

**Yeoh Chong Keat**  
Chairman

**Dato' Lim Kim Huat**  
Managing Director



# Management Discussion And Analysis



## Overview Of Business And Operations

AbleGroup Berhad is the investment holding company for a group of companies that are engaged in the building material business which encompasses the processing, trading, exporting and contract workmanship of high quality marble and granite slabs. The Company is also in the property development business.

## Overview Of Group Objectives And Strategies

AbleGroup Berhad supplies high quality products and workmanship in all our business activities.

We have a strong core Management Team, competent and experienced, in both building material and property sectors. The team is headed by Dato' Lim Kim Huat, our Managing Director who was formerly the Deputy Executive Chairman of Sunrise Berhad, where he led the development of multiple internationally acclaimed projects including "10 Mont' Kiara", "28 Mont' Kiara" and "Solaris Dutamas – Publika". Our building material business is focused on timely delivery of high quality marble and granite materials with good workmanship for our clients.

Under the guidance and leadership of Dato' Lim, we are constantly improving our operational and financial efficiency and organisational structure through enhanced clarity of roles and responsibilities, accountability and incentive compensation programs. We also continuously review and enhance our quality of work to strengthen our market position in our business. We have been prudent in taking on contracts and jobs and closely monitor the financial performance of each contract or job so as to have minimum or mitigate cash flow disruptions and credit collections.

These strategies have begun to bear fruit in 2017 with the Group turning in a positive performance from a negative one in 2016.

## Financial Performance Review

### Summary Of 2017 Results

In financial year ended 31 December 2017 ("FYE17"), AbleGroup Berhad recorded consolidated revenue of RM9.06 million, a decrease of 8% compared to revenue of RM9.89 million in the preceding financial year ended 31 December 2016 ("FYE16"). The lower revenue recorded in the current financial year is associated with the lower contract revenue of the building material segment from the projects awarded with supply and installation of stoneworks contracts such as Aman Country Clubs and Villa, Ritz-Carlton Residence Tower and Hard Rock Hotel in Desaru, which replenished the order book after the three (3) major prestigious high end residential projects namely Damansara City, Le Nouvel and Serai that were near completion or completed in FYE16.

Despite the lower revenue in FYE17, the Group delivered a positive financial performance in the current period with net profit of RM0.003 million compared to the net loss of RM0.869 million in FYE16. The positive results were mainly contributed by the higher project margin as well as cost savings from the downsized workforce measures.

Notwithstanding the recovery momentum in the economic and market environment, the Group will continue to improve the financial results in the future with cognitive measures in securing the replenishment of its order book in the building material segment. The Group will also continue to monitor and assess the property market conditions before moving forward with the residential project on the development property to ensure that it will be successful.



# Management Discussion And Analysis

(Cont'd)

## 5-year Financial Highlights

### FINANCIAL YEAR ENDED 31 DECEMBER

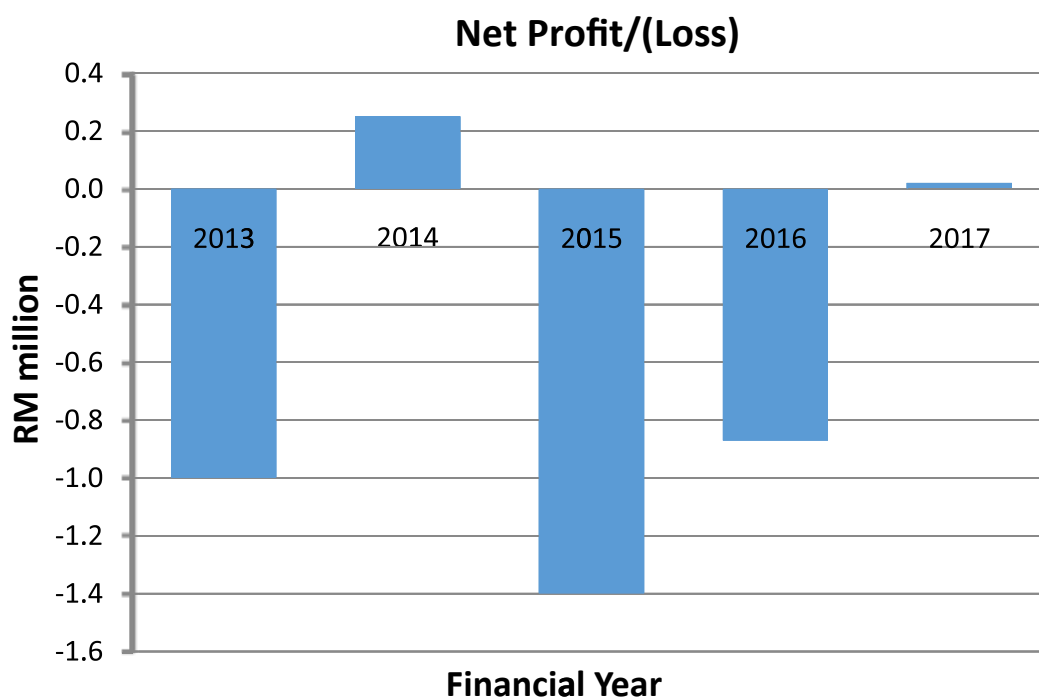
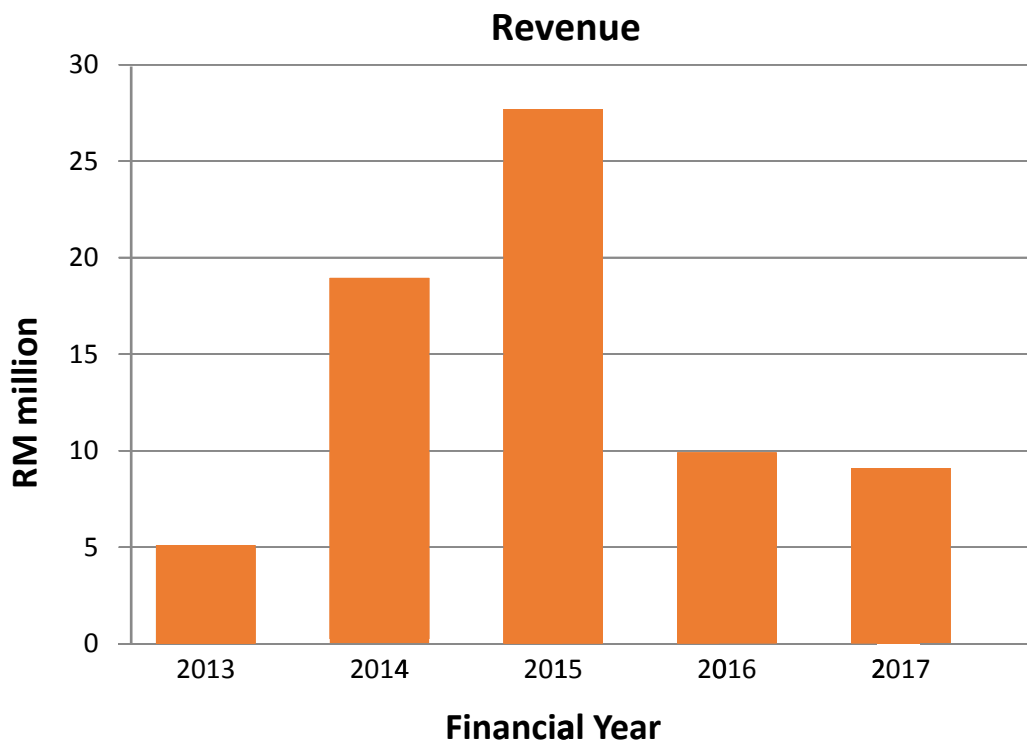
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
<b>FINANCIAL PERFORMANCE</b>					
Revenue	9,063	9,894	27,726	18,749	5,141
Gross Profit	2,021	1,421	2,432	2,638	1,378
Profit / (Loss) after tax	3	(869)	(1,425)	245	(1,039)
<b>Profit / (Loss) Attributable to Owners of the Company</b>	<b>3</b>	<b>(870)</b>	<b>(1,427)</b>	<b>245</b>	<b>(1,065)</b>
<b>FINANCIAL POSITION</b>					
<b><u>ASSETS</u></b>					
Non-Current Assets	1,494	1,668	1,840	1,966	1,785
Current Assets	47,371	47,831	54,465	53,277	47,761
<b>Total Assets</b>	<b>48,865</b>	<b>49,499</b>	<b>56,305</b>	<b>55,243</b>	<b>49,546</b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUNDS</u></b>					
Non-current Liabilities	4	28	51	73	5
Current Liabilities	3,030	3,643	9,556	7,045	1,661
<b>Total Liabilities</b>	<b>3,034</b>	<b>3,671</b>	<b>9,607</b>	<b>7,118</b>	<b>1,666</b>
Paid-Up Share Capital	39,585	39,585	39,585	39,585	39,585
Other Reserves	(409)	569	570	572	572
Retained Profits	6,655	5,674	6,543	7,968	7,723
<b>Total Equity</b>	<b>45,831</b>	<b>45,828</b>	<b>46,698</b>	<b>48,125</b>	<b>47,880</b>
<b>Net Operating Cash Flow</b>	<b>1,165</b>	<b>2,729</b>	<b>(1,255)</b>	<b>(7,701)</b>	<b>(3,809)</b>
<b>SHARE INFORMATION</b>					
<b><i>Per 15sen ordinary share</i></b>					
Basic Earnings Per Share	0.001	(0.33)	(0.54)	0.09	(0.39)
Share price as at 31 December (RM)	0.13	0.09	0.12	0.12	0.13
<b>FINANCIAL RATIOS</b>					
Gross Margin (%)	22.30	14.36	8.77	14.07	26.80
Return on NetAssets (%)	0.01	(1.90)	(3.05)	0.51	(2.22)
Return on shareholders' funds (%)	0.01	(1.88)	(3.01)	0.51	(2.20)
Current ratio (times)	15.63	13.13	5.70	7.56	28.75
Gearing ratio (times)	0.01	0.02	0.13	0.10	0.02



## Management Discussion And Analysis

(Cont'd)

The following charts illustrate the Group's revenue contributions as well as the profit/(loss) before tax:-



# Management Discussion And Analysis

(Cont'd)

## Operational Review

### A) Building Material Segment

Syarikat Bukit Granite Sdn. Bhd. is a wholly-owned subsidiary company that is principally engaged in the building material business encompasses the processing trading, exporting and contract workmanship of high quality marble and granite slabs.

In FYE17, the Company has mainly worked on managing the supply and installation of stoneworks contracts of three (3) major projects located in Desaru Johor and Klang Valley namely Aman Country Clubs and Villa and Hard Rock Hotel in Desaru as well as Ritz-Carlton Residence Tower. These projects were completed during the financial year with revenue of RM5.8 million contributing to the Group and strengthened our visibility and profile in the market.

We are continuing to expand our range of products and services to offer greater choice to our existing customers and attract new customers. While quality and price are our priorities, we take prudent measures to ensure our products and services provided are within an acceptable range of risks and that they add value to our role in supply and installation of stoneworks.

#### The Prospects Of The Building Material Segment

The Company has secured two (2) new projects with the total contract sum of RM1.5 million on the supply and installation of stone works during the first quarter of the financial year 2018.

### B) Property Development Segment

Atlas Rhythm Sdn. Bhd. is our wholly-owned property development company with land bank comprising 1,214 hectares freehold land for property development. The land was purchased through internal generated funds.

#### The Prospects Of The Property Development Segment

FYE17 has been a relatively calm year for the property development sector. Housing affordability remains a key issue, particularly in the capital and key cities. House prices which have been trending up since 2010 continue to outpace the rise in income levels and with that, the prevailing median house prices are beyond the reach of most people.

The market sentiment remains soft in general. Re-planning will be required to determine the type of products to suit the market conditions that is largely dictated by marketability and availability of loan financing.

As such, the Company had decided to reschedule the launch of the residential property project. Currently, the Company is having the resources to and is awaiting the opportunity for the right time and price to launch the project. In the meantime, the Company is enhancing and refining the development concepts and layouts of the project for better take up upon launching.

11



## Future Prospects

The Group will continuously monitor and realign its business plans taking into consideration market conditions to achieve positive results.

On the contracts side, we expect to win bids for new projects in 2018 with stable margins given our track record of specialising in delivering quality stone works to prestigious projects.

Upon launching of our property project, we are confident that there will be a good uptake for our products which should be attractive to our target market.

The Group will continue to place emphasis on growing its brand name through enhanced workmanship quality, strategic new project launches, and development of core competencies with our core Management Team.

# Sustainability Report

## Sustainability Report Reporting Profile And Scope

Over the past years, AbleGroup Berhad has reported in the Annual Report on its social responsibility, considering its commitment to society, local community, employees, suppliers, customers as well as other stakeholders. In light of the Main Market Listing Requirements ("Listing Requirements") issued by Bursa Malaysia Securities Berhad, AbleGroup and its subsidiaries (the "Group") hereby present the Sustainability Report for the financial year ended 31 December 2017 ("FYE17"). The aim of this Sustainability Report is to communicate the way in which we identify the economic, environmental and social risks and

opportunities considered most material to our business by us and our stakeholders, as well as to promote transparent disclosure to all our stakeholders.

The Group's first Sustainability Report attempts to communicate the scope, approach, governance structure, the stakeholder's engagements, identification of key material sustainability matters and the current activities related to these key matters.

This Sustainability Report is focused on the building material operations of the Group pertaining to Syarikat Bukit Granite Sdn. Bhd.

## Sustainability Approach

AbleGroup Berhad endeavors to conduct its business activities in a responsible and ethical manner by embedding sustainability practices in our business activities to ensure sustainable growth over the coming years.

### ECONOMIC SUSTAINABILITY

Continuously growing our business portfolio in the building material segment by delivering high quality marble and granite contract workmanship to strengthen our visibility and profile in the market. We also monitor market conditions before moving forward with our residential property project.

### ENVIRONMENTAL SUSTAINABILITY

Increase recycling practices especially usage of paper with initiatives such as printing double-sided, reuse recycle paper and opt for manufacturer of paper supplies which practices sustainable forestry. We also participated in the Earth Hour 2017.

### SOCIAL SUSTAINABILITY

Provide a safe, conducive and facilitative working environment for our people where employees can contribute and grow their career and are treated with respect. Get together sessions such as lunches and dinners as well as birthday celebrations amongst employees and superiors.

The Group pursues its sustainability approach according to these sustainability principles:-

1. Consider all stakeholders' interest during the planning and implementation process of sustainability approaches and strategies.
2. Periodically review our sustainability approach and practices to ensure our sustainability journey aligns with our business objectives.

## Sustainability Governance

AbleGroup Berhad's sustainability leadership is led by our Board of Directors ("Board") which oversees the integration of sustainability initiatives across the Group.

The Senior Management team, led by Managing Director and Chief Operating Officer oversee the implementation of sustainable-related policies, measures and actions in achieving the Group's sustainability goals.

## Stakeholders' Engagement

Working with stakeholders improves our ability to address priorities. We value our stakeholders as they have considerable influence on our business or have been impacted by our business. It is important for us to create shared value through stakeholder engagement.

Through understanding our stakeholders' expectations, we strive to engage with and manage their needs and expectations to benefit both our stakeholders and our business. Active stakeholder engagement provides us insights to improve and expand our business.



# Sustainability Report

(Cont'd)



As we strive to continue our sustainability journey, we seek to expand our stakeholder engagement process with more stakeholder groups. The table below summarizes our engagement approach and the main sustainability concerns highlighted by our key stakeholders as well as other important stakeholder groups.

Stakeholder Group	Engagement Approach	Sustainability Concerns
Shareholders and Investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Quarterly announcements</li> </ul>	<ul style="list-style-type: none"> <li>Continuous business growth</li> <li>Financial returns for property project</li> </ul>
Directors	<ul style="list-style-type: none"> <li>Quarterly and ad-hoc Board and Board Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>Continuous business and operational improvement</li> <li>Financial risk and company compliance to laws and regulations</li> <li>Financial results</li> <li>Interest of stakeholders and shareholders</li> <li>Environmental matters</li> </ul>
Senior Management	<ul style="list-style-type: none"> <li>Management meetings</li> <li>Ad-hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>Ensure safe and humane work environment</li> <li>Ensure customer requirements are met, including security of customer data</li> <li>Management of the supply chain</li> <li>Ensure talent retention by providing competitive compensation and benefit packages for employees, and ensuring human rights of all employees are respected</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Management meetings</li> <li>Circulation of Internal Policies</li> <li>Annual performance evaluation sessions</li> </ul>	<ul style="list-style-type: none"> <li>Corporate directions and growth plans</li> <li>Job security</li> <li>Remuneration and benefits</li> <li>Workplace health and safety</li> <li>Labour and human rights</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer feedbacks</li> <li>Face to face meetings</li> </ul>	<ul style="list-style-type: none"> <li>Competitive pricing</li> <li>Quality and workmanship assurance</li> <li>Innovative design and features</li> <li>Product safety and reliability</li> <li>Defects rectification</li> <li>Customer service and experience</li> </ul>
Suppliers/Contractors	<ul style="list-style-type: none"> <li>Email communications</li> <li>Ad-hoc tender exercises and meetings</li> <li>Supplier briefings</li> <li>Contract negotiation</li> </ul>	<ul style="list-style-type: none"> <li>Payment schedule</li> <li>Fair tender practices</li> <li>Competitive prices</li> <li>Business continuity and supply commitment</li> <li>Quality materials and services</li> </ul>
Government & Statutory Bodies	<ul style="list-style-type: none"> <li>Quarterly announcements</li> <li>Compliance with government legislative framework</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory disclosure</li> <li>Accountability</li> <li>Adherence to relevant laws and regulations</li> <li>Corporate governance and compliances</li> </ul>

# Sustainability Report

(Cont'd)

## Materiality Assessment

Material sustainability matters are EES (Economic, Environmental & Social) risks and opportunities that affect our stakeholders and our business. By assessing the importance of each material sustainability issue, we can identify and prioritise the most significant areas on the basis of their impact on the business and the importance of these areas from stakeholders' perspectives.

### AbleGroup Berhad's Materiality Assessment Process

#### Identify Potential Issues

- The Group identified and compiled a list of ten (10) significant areas of impact to the operations.
- Materiality assessment process was conducted by taking our internal and external stakeholders' expectations into consideration.

#### Prioritise Issues

- Develop the materiality matrix by identifying the key material sustainable matters based on consideration on our internal and external stakeholder's expectations. These material matters were then deliberated and prioritised according to their importance to the Group and its key stakeholder groups.

#### Senior Management Validation

- The sustainability materiality matrix was reviewed by the senior management, deliberated and agreed upon.
- The key matters were prioritised as the most important sustainability matters for the Group to report in the Sustainability Report for FYE17.

The materiality matrix below represents the outcome of AbleGroup's materiality assessment. Guided by Bursa Malaysia's Sustainability Reporting Guide, sustainability key matters have been rated on a scale of low, medium and high for the significant Group's Economic, Environment and Social ("EES") impacts and the influence of stakeholder's assessment and decisions. These are sustainability key matters that the Group has decided to focus on and report in the Sustainability Report for FYE17. In future reporting, the Group will continue to review the processes above, and expand upon depth and scope of current reporting.

Materiality Matrix for AbleGroup Berhad



# Sustainability Report

(Cont'd)

## Environmental Sustainability

The Group has begun creating awareness on the importance of environmental sustainability.

### A. Earth Hour 2017

Earth Hour is the world's largest public action for sustaining the environment. Since its inception in 2007, Earth Hour has grown into a global movement with hundreds millions of people from more than 7,000 cities and towns in over 150 countries across every continent switching off their lights for Earth Hour.

- The Group encourages and promotes its employees to participate in the Earth Hour Day by pledging to switch off non-essential lights on Earth Hour Day from 8.30pm to 9.30pm which fell on 25 March 2017 last year. The Company had switched off all non-essential lights within its premises then.
- The Group has also circulated memos to promote the awareness of the Earth Hour 2017 by printing posters and flyers in conjunction with this meaningful event. These flyers were distributed to employees, partners, suppliers, customers and other stakeholders with the objective of raising awareness in caring for Mother Nature.
- The Group took part in the Earth Hour 2017 which was held on 25 March 2017, from 8.30pm to 9.30pm by encouraging its staff in registering with the relevant official website such as [www.earthhour.org](http://www.earthhour.org). The Group has regularly participated in such events with the objective of promoting and instilling greater awareness amongst employees, customers, business partners, suppliers and other stakeholders on taking care of the environment.
- The Group had encouraged its partners, suppliers and customers to hold their pledges on Earth Hour 2017 as greater corporate participation creates greater impact for the good of the Environment.
- As part of our commitment to the environment, we joined together with millions of people around the world in observing the WWF Earth Hour on 25 March 2017 and will continue to do so in the future.



**THIS EARTH HOUR,  
SHINE A LIGHT  
ON CLIMATE ACTION.**

Switch off your light and switch on your  
social power at [earthhour.org](http://earthhour.org)

**60+** #ChangeClimateChange  
**EARTHHOUR.ORG**  
25 March 2017 | 8:30 PM

**Together we work  
for better future**

Alliance we formed,  
Befriend to Mother Earth,  
Little savings of lights,  
Everyone's a superhero.

**We need your  
participation  
on energy savings!**

Everyone has power to make  
real change and impact in the  
world. Including you. We are  
inviting you to join us in our  
global movement.

Simply turn off non-essential  
electrical items, just for an  
hour from **8.30pm on  
25 March 2017.**

We Need You, Every Action Count Earth Hour is a global environmental initiative. We urged your participation in the Earth Hour 2017. Everyone is invited to turn off their lights for one hour on Saturday, 25 March 2017 at 8.30pm (local time) to show support for environmentally sustainable action.



# Sustainability Report

(Cont'd)

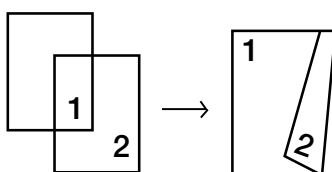
## B. Usage of paper

The Group is aware of the importance of paper and its volume of usage. As we have pledged ourselves to environmental awareness, a conservative approach on paper usage is communicated to all staff and employees. The Group's initiatives in undertaking the following actions with the aim of preserving the environment include:

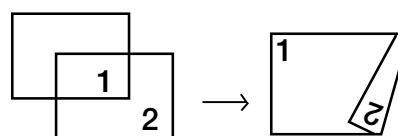
- Communication via emails to reduce usage of paper on letters or memos;
- Only necessary documents or email is printed;
- Staff are encouraged to print on double-side to reduce usage of paper and reuse recycled paper whenever possible;
- Purchase of the Group's printing paper is selected from the manufacturer that practices sustainable forestry sourcing. In this regard, sustainable forest management is the management of forests according to the principles of sustainable development, that is, the attainment of balance between society's increasing demands for forest products and benefits, and the preservation of forest health and diversity.
- Unused papers, recycled papers and boxes are sent for recycling instead of discarding them as trash. All proceeds from these recycled items were donated to a charitable organisation in Sg. Buloh.



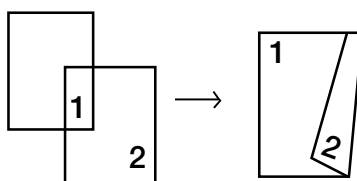
(long edge flip)  
Potrait



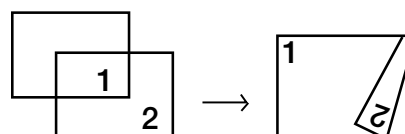
Landscape



(short edge flip)  
Potrait



Landscape



# Sustainability Report

(Cont'd)

## Social Sustainability

Get together occasions such as lunches and dinners held for employees to foster positive relationship amongst one another:-

- We believe human capital is extremely important and contented staffs are productive at work in delivering the core values. We are committed to maintain staff morale a the highest level.



- Get together occasions such as lunches and dinners held for employees to foster positive relationship amongst employees and superiors.



# Corporate Governance Overview Statement

The Board of Directors of AbleGroup Berhad and its subsidiaries (“the Group”) recognises the importance of practising good corporate governance and is fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the principles of the Malaysian Code on Corporate Governance which took effect on 26 April 2017 (“Code”) to achieve the Group’s governing objective of enhancing shareholders’ value.

The Board is pleased to report to the shareholders the Company’s application of the principles and practices of the Code during the financial year ended 31 December 2017 (“FYE17”).

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. BOARD RESPONSIBILITY**

#### **Clear functions of the Board and Management**

The Board’s role is to lead and control the Group’s business and affairs on behalf of the shareholders. The Board takes into consideration the interest of shareholders under their decision to ensuring that the Group’s objectives and shareholders value are met. The Board oversees the Group’s performance and operation progress towards the corporate objectives.

The Group is controlled and led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

In line with the Code, the roles and responsibilities of the Chairman and Managing Director are separated to promote accountability and facilitate division of responsibilities between them. 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. The Managing Director led a team of Management Team who is responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. The responsibilities and authorities of the Management Team are clearly defined.

#### **Clear Roles and Responsibilities**

There are 5 members on the Board of Directors, comprising the Managing Director and 4 Non-Executive Directors, all of whom including the Chairman of the Board are Independent Directors. This separation of the role of Managing Director and Chairman ensures that there is an appropriate balance of power and authority with clear divisions of responsibilities and accountability.

The majority of the Board comprises Independent Directors who are essential in providing unbiased and independent opinion, advice and judgement thus play a key role in corporate accountability. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making. The main duties and responsibilities of the Board comprise the following:-

- Setting the objectives, goals and strategic plan for the Group with a view to maximising shareholder value;
- Adopting and monitoring progress of the Group’s strategy, budgets, plans and policies;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed to sustain the value for shareholders;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition/disposal of assets;
- Promote better investor relations and shareholder communications;
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Group’s financial statements are true and fair and conform with the accounting standards.

The Board has delegated specific responsibilities to the Board Committees, each with defined terms of reference and responsibilities. The Board receives report of their proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, recommendation would be presented to the Board for approval. The Chairman of various committees report the outcome of the committee meetings to the Board and relevant decisions are recorded in the minutes of the Board of Directors’ meetings. The Terms of Reference of the Board Committees are available for reference at the Company’s website. The Board is satisfied with its current composition which comprise of directors with balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.



# Corporate Governance Overview Statement

(Cont'd)

## Qualified and Competent Company Secretary

Every Director has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibility in law to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretary advises the Board on any new statutory and regulatory requirements relating to corporate governance.

The Company Secretary is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information as well as to update Board members regularly on amendments to the Listing Requirements and the Companies Act.

The Company Secretary, who is qualified, experienced and competent, organises and attends all Board and Board Committees meetings and ensures meetings are properly convened; accurate and proper record of the proceedings and resolutions passed are maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

The key role of the Company Secretary shall include:-

- Providing unhindered advice and services for the Directors as and when the need arises;
- Enhancing the effective functioning of the Board;
- Ensuring regulatory compliance;
- Preparing agendas and co-ordinating the preparation of the Board papers in a timely and effective manner;
- Ensuring that Board procedures and applicable rules are observed;
- Ensuring effective management of organisation's secretarial records;
- Preparing minutes to document Board proceedings and ensure board decision are accurately recorded;
- Assisting the communications between the Board and Management; and
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time within the scope and responsibility of the Company Secretary.

## Access to Information and Professional Advice

The Board recognises the importance of providing timely, relevant and updated information in ensuring an effective decision making process by the Board. Hence, the Board is provided with quantitative and qualitative information which is pertinent to enable the Board to discharge their duties effectively.

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Board agenda together with the relevant documents and information are compiled and distributed to all Directors prior to the Board meeting to enable them to have sufficient time to review and be prepared for discussion. The Managing Director and/or the key management personnel will provide comprehensive explanation of pertinent issues and/or recommendations by the Management. Any matters requiring Board's approval will be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting. Decision made and policies approved by the Board will be communicated to the Management Team for action after the meeting.

Where necessary, member of the Management Team will be invited to attend Board/Board Committee meetings to report and updates on areas of the business within their responsibility to provide Board members with insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insights in the course of deliberation and to participate in discussions.

Apart from the above, the Board members are updated on the Company's activities and its operations on a quarterly basis. The Board and Principal Officer of the Group is reminded quarterly of the closed periods for dealings in the securities of the Company based on the targeted date of announcement of the Group's interim financial results. All Directors whether as a full board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. The Directors, in their individual capacity or collectively, may take independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances, at the Company's expense. If such advice is considered necessary, it shall first be discussed with the Chairman before proceeding further.

## Board Charter

The Board has also adopted a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and functions, responsibilities and board procedures amongst others.



# Corporate Governance Overview Statement

(Cont'd)

The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision.

The Board Charter is accessible on our corporate website, [www.ablegroup.com.my](http://www.ablegroup.com.my).

## Code of Conduct

The Group has in place a Code of Conduct which governs the conduct of all the Group employees including the Board members with the aim to cultivate good ethical conduct, amongst others. The Code of Conduct is based on the core principles of sincerity, transparency and accountability. The Code of Conduct is formulated to enhance the standard of corporate governance and corporate behaviour by establishing a standard of ethical behavior for Directors based on acceptable beliefs and values.

In the performance of his duties, a Director should at all times observe the following:-

- Clear understanding of the aims and purpose, capabilities and capacity of the Group;
- Devote sufficient time and effort to attend to the Group's duties required of him;
- Ensure at all times that the Group is properly managed and effectively controlled;
- Stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant legislation and contractual requirements;
- Not divert to his own advantage any business opportunity that the Group is pursuing, or misuses confidential information obtained by reason of his office for his own advantage or that of others;
- At all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- Exercise independent judgment and, if necessary, openly oppose if the vital interest of the Group is at stake;
- At all times exercise his power for the purposes they were conferred, for the benefit and productivity of the Company; and
- Avoid any conflict of interest especially to disclose immediately all contractual interests whether directly or indirectly involving the Company and/or its subsidiaries.

Besides, the Group also adopted a Code of Conduct which sets standards for the employees within the Group to promote professionalism and improve competency of Management and employees at all times. The Group adopt to ensure adequate safety measures are in place by providing proper protection to workers and employees at work places.

The Group has in place a Whistle-Blowing Policy which provides a platform where an individual can raise genuine and legitimate concern on a reportable misconduct. The Whistle-Blowing Policy is available for reference at the Company's website.

## II. BOARD COMPOSITION

The Board presently comprises the Managing Director and four (4) Independent Non-Executive Directors. The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

The Board has complied with paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires that at least two (2) Directors or one-third (1/3) of the Board Members of the Company, whichever is higher, are independent.

The four (4) Independent Non-Executive Directors bring their independent and objective judgment to the Board to carry weight on the decision-making process of the Group, mitigating risks due to conflict of interest or undue influence from interested parties.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision-making at the Board level.

The roles of the Independent Non-Executive Directors will ensure that any strategies and business plans proposed by the Management are fully discussed and examined to ensure the long-term interest of the shareholders as well as other stakeholders.

The Board has delegated specific power and responsibilities to three (3) Board Committees namely Audit, Remuneration and Nomination Committees all of which have the authority to deal with particular issues and report to the Board with recommendations. The functions and activities undertaken by these Committees are elaborated in their respective report set out in this Annual Report.

# Corporate Governance Overview Statement

(Cont'd)

The Board is responsible to determine the appropriate size of the Board and their appointment of new director is a matter for consideration and decision by the Board, upon the recommendation from the Nomination Committee ("NC"). The NC will consider amongst others, professional competencies, balance of skills, experience, other qualities and diversity, including gender, where appropriate, which the Director should bring to the Board.

For the assessment and selection of Directors, the NC shall consider prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge and expertise;
- professionalism;
- diversity objective of the Company;
- contribution and performance; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

## Boardroom and Workplace Diversity

The Board seeks to ensure 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.

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.

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.

## Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The NC annually assesses the Independence of Independent Directors based on the established criteria.

The assessment criteria for independence shall not limit to the length of an independent director. Particular emphasis is placed on the role of independent directors to facilitate independent and objective decisions making of the Group, free from undue influence and bias.

The Board and its NC have upon their annual assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the prescribed definition and established criteria of independence.

## Tenure of Independent Directors

The Code provides that the tenure of an independent director does not exceed a cumulative term of nine (9) years. Upon completion of the ninth 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.

# Corporate Governance Overview Statement

(Cont'd)

The NC and the Board have deliberated and is of the view that a Director's independence cannot be determined solely with reference to tenure of service. The Group benefits from having long serving directors who have accumulated valuable knowledge of the Group's operations and have shown competence in advising and overseeing the management of the Group.

The NC and the Board after having reviewed and assessed the independence of Mr. Cheong Marn Seng, who have served for a cumulative period of more than nine (9) years, considers him to be independent and remain unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He had also devoted sufficient time and attention to his responsibilities as Independent Director besides exercising due care during his tenure as Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders.

The length of his services on the Board has not in any way interfered with his objective and independent judgement 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 deliberations or discussions.

In this respect, the Board proposes to retain Mr. Cheong Marn Seng as Independent Director of the Company and will table the relevant proposal for shareholders' approval at the forthcoming AGM of the Company.

The Board, through the NC will continue to review, evaluate and assess whether the Independent Directors can continue to act in the best interests of the Group and bring independent and professional judgement to Board's deliberations.

## Fostering Commitment

Directors are expected to devote sufficient time and attention to carry out their responsibilities. In this regard, annual meetings timetable is prepared and circulated to the Board to provide the proposed scheduled date of meetings of the Board and Board Committees to enable the Directors to plan ahead.

The director should notify the Chairman before accepting any new directorship and indicate the time to be spent on the new appointment. The current Directors are expected to devote sufficient time commitment to their roles and responsibilities as Directors of the Company as they holds less than 5 directorships in listed issuers, in compliance with paragraph 15.06 (1) of the Listing Requirements.

## Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were seven (7) board meetings held during the financial year ended 31 December 2017 and the attendance record is as follows:-

Directors	No. of Board Meetings	
	Held	Attended
Yeoh Chong Keat	7	7
Wong Heang Fine	7	5
Dato' Lim Kim Huat	7	7
Loi Heng Sewn	7	5
Cheong Marn Seng	7	7

## Directors' Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight and keep abreast with the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board encourages its Directors to attend talks, seminars, workshops and in-house conferences to updates and enhance their skills and knowledge and to keep abreast with development in regulatory and corporate governance issues.

# Corporate Governance Overview Statement

(Cont'd)

The Training Programmes attended by Director during the financial year ended 31 December 2017 are summarised as follows:-

Name	Date of Training	Subject
Yeoh Chong Keat	7 & 8 June 2017	Audit Quality Enhancement Programme for SMPs 2017
	25 & 26 July 2017	National Tax Conference 2017
	5 September 2017	In-house Training on the New Malaysian Code on Corporate Governance – Unpacking it for Practical
	2 November 2017	Seminar Percukaian Kebangsaan 2017

During the financial year, internal briefings have been provided to the Directors on changes to corporate governance developments and Listing Requirements besides other applicable laws and regulations. The Board was also briefed by the External Auditors on changes to the accounting standards that may affect the Group's financial statements from time to time during the Audit Committee and Board meetings. The Board is also satisfied that the Directors have gathered sufficient experience and knowledge from their daily business activities to assist them in the discharge of their duties and responsibilities.

### III. REMUNERATION

#### Directors' Remuneration

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration packages of the Directors.

The objective is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Director is to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Director is performance related and compatible to the market rate in order to attract, motivate and retain them to run the Group. The Group also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendation of the Board.

Details of Directors' remuneration for the financial year ended 31 December 2017 are set out below:-

	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-In- Kind (RM'000)	Total (RM'000)
<b>Executive Director</b>				
Dato' Lim Kim Huat	-	135	-	135
<b>Non-Executive Directors</b>				
Yeoh Chong Keat	50	-	-	50
Wong Heang Fine	38	-	-	38
Loi Heng Sewn	38	-	-	38
Cheong Marn Seng	38	-	-	38
<b>Total</b>	<b>164</b>	<b>135</b>	<b>-</b>	<b>299</b>

Total remuneration of the Key Senior Management including salary, bonus, benefits in-kind and other emoluments, analysed into bands of RM50,000, for the financial year ended 31 December 2017 ranges between RM250,001 to RM300,000.



# Corporate Governance Overview Statement

(Cont'd)

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **Suitability and Independence of External Auditors**

The Company has established a transparent and professional relationship with the auditors. The Audit Committee ("AC") met the external auditors at least twice during the year under review without the presence of the Executive Director and Management to allow the AC and the external auditors to exchange independent views on matters which require the Committee's attention, to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The AC will meet with the external auditors whenever it deems necessary.

The external auditors are invited to attend the AGM of the Group and are available to answer shareholders' questions relating to the financial statements of the Group and the Company.

The services provided by the external auditors include statutory audit and non-audit services. The terms of engagement for the services rendered by the external auditors are reviewed by the AC and approved by the Board. The AC had assessed the external auditor's engagement teams' caliber, performance, experience, global network resources as well as ability to perform the scope of work within the Group's timeline. The AC took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism.

The AC was satisfied with the external auditors' quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit.

The external auditors, Messrs. Baker Tilly Montiero Heng ("BTMH") have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the Malaysian Institute of Accountants. A written confirmation from BTMH compliance to the requirements for independence is obtained and presented to AC through Audit Planning Memorandum.

The AC also reviewed the proposed fees for non-audit services and subsequently recommends to the Board for approval. In their review, the AC ensures that the independence and objectivity of the external auditors are not compromised. The AC's annual assessment to review the suitability and independence of the external auditors is guided by its established policies and procedures approved by the Board. The audit partner responsible for the audit of the Group is subject to rotation at least every five (5) years.

The details of the statutory audit, audit-related and non-audit fees paid/ payable in 2017 to the external auditors are set out below:-

		Group (RM'000)	Company (RM'000)
Fees paid/ payable to BTMH			
➤	Audit services - current year	51	33
	- prior year	10	6
➤	Non-audit services *	4	4
Total		65	43

\* The non-audit services paid/ payable to BTMH were for review of Statement on Risk Management and Internal Control and other services. The provision of these services by the external auditors to the Company were cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity.

A summary of the activities of the AC during the year under review is set out in the AC Report on pages 27 and 28.

### **Internal Control**

The Board acknowledges its overall responsibility for ensuring that a sound system of internal control is maintained throughout the Group and the need to review its effectiveness regularly. The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help minimise and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguard against material loss and unauthorized use and the financial statements are not materially misstated.

The Statement on Risk Management and Internal Control as set out in pages 31 to 33 of this Annual Report provides an overview of the management of risks and state of internal control within the Group.

# Corporate Governance Overview Statement

(Cont'd)

## Internal Auditors

The Board acknowledges its overall responsibility for maintaining a sound system of internal control that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Company has outsourced its internal audit function to an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control within the Group whose role is to provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board, amongst others. The internal audits include evaluation of the processes where significant risks are identified, assessed and managed.

The internal audit function is conducted in a manner that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Malaysia.

The internal auditors report directly to the AC and findings and recommendations are communicated to the Board.

Further details of the Group's system of internal control are set out on Page 31 to 33 of this Annual Report.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **Compliance with Applicable Financial Reporting Standards**

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position, performance and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities.

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of financial year ended 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:-

- Adopted suitable accounting policies and applying them consistently;
- Made judgement and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on going concern basis.

The AC assists the Board in reviewing the information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for approval.

The Directors are responsible for keeping proper accounting records which disclose with a reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements as prepared to comply with the Companies Act. The Directors are also responsible for safeguarding the assets of the Company and the Group and to take reasonable steps for prevention and detection of fraud and other irregularities.

### **Related Party Transactions**

The Group has in place guidelines and procedures to ensure that the Company meets its obligation under the Listing Requirements relating to related party transactions. All related party transactions are reviewed by the AC and reported to the AC and Board on a periodic basis.

Where any Director who has an interest (direct or indirect) in any related party transactions, such Director shall abstain from deliberating and voting on the resolution of such transaction at the AC, Board meetings in relation to the related party transactions.

For recurrent related party transactions, shareholder's mandate will be sought at the Annual General Meeting ("AGM") of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties during the financial year ended 31 December 2017 were in respect of sale of stones and provision of contract workmanship and other related services.

Details of the recurrent related party transactions of the Group for the FYE17 are set out in page 34 of this Annual Report. The AC had reviewed the recurrent related party transactions to ensure that the transactions are fair, reasonable and on normal commercial terms and not detrimental to the minority shareholders and in the best interest of the Group.

# Corporate Governance Overview Statement

(Cont'd)

## Timely Disclosure of Material Information

Along with good corporate governance practices, the Group is committed to provide stakeholders with comprehensive and accurate material information on a timely and even basis. In line with this commitment, the Board had established a Corporate Disclosure Policy ("CDP") to facilitate the handling and disclosure of material information in a timely and accurate manner.

The CDP is based on the following principles:-

- Transparency and accountability;
- Compliance with disclosure requirements; and
- Prompt and timely disclosure.

The CDP is accessible for reference on our corporate website, [www.ablegroup.com.my](http://www.ablegroup.com.my).

Importance is also placed on timely and equal dissemination of material information to the regulators, stakeholders and media. Material information will in all cases be disseminated broadly and publicly via Bursa Securities, and other means. Interested parties may also obtain full financial results and the Company's announcements from the Company's website at [www.ablegroup.com.my](http://www.ablegroup.com.my).

## Investor Relations and Shareholders Communication

The Board values dialogue with its shareholders and investors through the maintenance of an open communication policy with investors and shareholders alike. In ensuring effective communication, the various means and forums such as press releases, public announcements of the Group's interim financial report on quarterly basis, annual report and financial statements, disclosures to the Bursa Securities and other Group activities are made.

In addition to its published annual report and quarterly reports announced to Bursa Securities, the Group has established a website at [www.ablegroup.com.my](http://www.ablegroup.com.my) from which shareholders can assess for information.

The Company ensures that all members of the Board including the Chairman of the Board and the respective Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee attend the general meetings and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

## General Meetings

The general meetings including AGM 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 on clarifications of the Group's business and/ or relevant information is encouraged. Pursuant to the Listing Requirements, all resolutions proposed for shareholders' approval at the general meeting of the Company will be voted by poll, and the Company will appoint a scrutineer to validate the votes cast at the general meeting. The Company will consider and introduce electronic voting and leverage on technology to facilitate greater shareholders' participation in general meetings at appropriate time.

This statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 13 April 2018.

# Audit Committee Report

## 1. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee currently consists of four (4) members, all of whom are Independent Non-Executive Directors. The Audit Committee members comprises:-

Director	Designation
Cheong Marn Seng (Chairman) (Re-designated as Chairman on 13 April 2018)	Independent Non-Executive Director
Yeoh Chong Keat	Independent Non-Executive Director
Wong Heang Fine (Re-designated as member on 13 April 2018)	Independent Non-Executive Director
Loi Heng Sewn (Appointed on 28 February 2018)	Independent Non-Executive Director

## 2. TERMS OF REFERENCE

The details of the Terms of Reference of the Audit Committee are available for reference at [www.ablegroup.com.my](http://www.ablegroup.com.my).

## 3. MEETINGS AND ATTENDANCE

A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2017 and the details of attendance were as follows:-

Director	Designation	Attendance
Cheong Marn Seng	Independent Non-Executive Director	5/5
Yeoh Chong Keat	Independent Non-Executive Director	5/5
Wong Heang Fine	Independent Non-Executive Director	4/5

## 4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- (a) reviewed the unaudited quarterly financial results and audited financial statements for the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;
- (b) reviewed the report from the External Auditors arising from the audit of the Group and seeks clarification and explanations from Management on key issues and matters for control improvements highlighted in the report, with no significant issues within the Group reported that required Audit Committee's attention;
- (c) reviewed and discussed with the External Auditors on their audit plan and timetable, covering:
  - (i) the nature and scope of work including non-audit services provided by the External Auditors to the Company;
  - (ii) confirmation by the External Auditors of compliance with relevant ethical requirements regarding professional independence;
  - (iii) consideration of fraud;
  - (iv) new developments on accounting standards and regulatory requirements;
  - (v) areas of audit focus includes potential key audit matters ("KAM") that in the Auditor's judgement the most significant in the audit for the financial year and selected from matters communicated with those charged with governance;
  - (vi) new Independent Auditors' Report where the key changes include changes to Auditors' Report/ restructure of the Report, inclusion of KAM, enhanced reporting on going concern and changes on Auditors' responsibilities regarding *Other Information*; and
  - (vii) new MFRS Framework – adoption by Transition Entities of MFRS Framework for annual periods beginning on or after 1 January 2018.
- (d) Meeting with the External Auditors without the presence of Management on 21 February 2017, 31 March 2017 and 24 November 2017;
- (e) reviewed and considered the proposed appointment of the outsourced Internal Auditors and proposed scope of work, professional fees and deliverables which include risk-based internal audit review with major findings and recommendations to be presented to the Audit Committee;



# Audit Committee Report

(Cont'd)

- (f) reviewed the Internal Audit Report submitted by the Internal Auditors on Inventory Management of Syarikat Bukit Granite Sdn. Bhd. with audit recommendations made to remedy identified weaknesses;
- (g) reviewed the Internal Audit Plan submitted by the Internal Auditors to ensure the adequacy of the scope and frequency of reports on internal control during the year;
- (h) reviewed the independence and re-appointment of the External Auditors against the adopted evaluation criteria in accordance with the Listing Requirements;
- (i) reviewed the proposed fees of the External Auditors in conjunction with the audit assignment carried out on the Group;
- (j) reviewed the Recurrent Related Party Transactions ("RRPT") to ensure that the RRPT are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders, and made the relevant statement in the Circular to Shareholders on Proposed Shareholders' Mandate for RRPT;
- (k) reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company.

## 5. REVIEW OF AUDIT COMMITTEE

An annual review and assessment on the terms of office and performance of the Audit Committee was undertaken by the Nomination Committee for the financial year ended 31 December 2017.

The assessment covers amongst others, main role and responsibilities of the Audit Committee and its key areas of oversight, specifically the review of internal control and risk management systems, effectiveness of internal and external audits, integrity of financial statements and review of significant financial reporting judgments.

The Board was satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's terms of reference.

## 6. INTERNAL AUDIT FUNCTION

Following the resignation of the in-house Internal Auditors during the year, the Audit Committee is now supported by the outsourced Internal Auditors in discharging its duties and responsibilities. The Internal Auditors is engaged to add value to the Group's operations and also to ensure consistency in the control environment and the application of policies and procedures. The Internal Auditors provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The Internal Auditors report to the Audit Committee 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 Audit Committee accordingly.

The Audit Committee ensures that the Internal Auditors are given full access to all documents relating to the Company's governance, financial statements and operational assessments, and direct access to the Audit Committee.

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. The proposed Internal Audit Plan drafted based on the level of business activities of the Group and tabled during the year under review was received by the Audit Committee.

The Internal Auditors had during the financial year carried out internal audit review on the guidelines and procedures for RRPT and Inventory Management of Syarikat Bukit Granite Sdn. Bhd. and reported that the required policies, procedures and controls for RRPT are in place and the terms of the RRPT are fair, reasonable and on normal commercial terms, are not more favourable to the related party than those generally available to the public are not detrimental to minority shareholders and are in the best interest of the Company and Group. For its review of Inventory Management, the Internal Auditors also reported that the inventory security and procedural controls of Syarikat Bukit Granite Sdn. Bhd. are in place to safeguard and account Group's assets.

The Internal Auditors reported that overall, the internal control for the key areas reviewed are in place and adequate and there are no major exceptions noted and reported by the Internal Auditors that requires Audit Committee's attention.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2017 was RM24,000.

# Remuneration Committee Report

## 1. COMPOSITION OF REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises:-

Director	Designation
Yeoh Chong Keat ( <i>Chairman</i> )	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn ( <i>Appointed on 28 February 2018</i> )	Independent Non-Executive Director
Dato' Lim Kim Huat ( <i>Resigned on 13 April 2018</i> )	Managing Director

## 2. TERMS OF REFERENCE

The details of the Terms of Reference of the Remuneration Committee are available for reference at [www.ablegroup.com.my](http://www.ablegroup.com.my).

## 3. MEETINGS AND ATTENDANCE

The Remuneration Committee met once during the financial year ended 31 December 2017 with full attendance from the members of the Remuneration Committee.

## 4. ACTIVITIES OF THE REMUNERATION COMMITTEE

During the financial year, the Remuneration Committee reviewed the remuneration packages of the Executive Director of the Company as well as Directors' fees and meeting allowance for the Non-Executive Directors of the Company.

The Remuneration Committee ensures that the Directors are fairly rewarded for their contributions to the Company and Group as well as responsibilities including their appointment in Board Committees. The individual director concerned would abstain from discussion of his own remuneration.

During the financial year, the Remuneration Committee also reviewed the Report of the Remuneration Committee for inclusion in the Annual Report of the Company.

The minutes of the Remuneration Committee meeting was recorded and tabled for confirmation at the following Remuneration Committee meeting and subsequently tabled to the Board for notation. The Chairman of Remuneration Committee reported to the Board the matters reviewed and discussed at the meeting and its recommendations for the Board's consideration and decision.

# Nomination Committee Report

## 1. COMPOSITION OF NOMINATION COMMITTEE

The members of the Nomination Committee comprises:-

Director	Designation
Wong Heang Fine ( <i>Chairman</i> )	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

## 2. TERMS OF REFERENCE

The details of the Terms of Reference of the Nomination Committee are available for reference at [www.ablegroup.com.my](http://www.ablegroup.com.my).

## 3. ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year, the Nomination Committee, in the discharge of its duties and responsibilities, reviewed the size and composition of the Board and assessed the effectiveness and performance of the Board of Directors and the Board Committees as well as their respective functions. The assessment and evaluation was carried out by the Nomination Committee through a set of questionnaires which was circulated to the Directors for completion. The Nomination Committee, upon reviewed, was satisfied that the performance of the current Board and Board Committees, coupled with the experience and competencies of each Director, as well as their mix of skills were adequate to enable the Board to discharge its duties and responsibilities effectively. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

In accordance with the Company's Constitution, the Nomination Committee reviewed and determined the directors' retirement by rotation and re-election at the Company's Annual General Meeting. All retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

In accordance with the Code, the Nomination Committee assisted the Board to assess the independence of the Independent Directors of the Company and based on the self-assessment checklist completed by all Independent Directors of the Company, the Nomination Committee and Board were satisfied that all the Independent Directors continue to demonstrate conduct and behaviour that are essential indicators of independence and relevance.

The Nomination Committee also reviewed, in accordance with the Listing Requirements of Bursa Securities, the term of office and performance of the Audit Committee and each of its members for the year under review against the assessment checklist encompassing the review of existing requisite composition of the Audit Committee prescribed by the Listing Requirements, the terms of reference and activities carried out by the Audit Committee in the discharge of its responsibilities and was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.

The Board is satisfied that the Nomination Committee is able to discharge its duties and responsibilities effectively. The minutes of the Nomination Committee meeting was recorded and tabled for confirmation at the following Nomination Committee meeting and subsequently tabled to the Board for notation. The Chairman of Nomination Committee reported to the Board the matters reviewed and discussed at the meeting and its recommendations for the Board's consideration and decision.

# Statement On Risk Management & Internal Control

## 1. INTRODUCTION

The Board of Directors (“the Board”) of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2017 (“FYE17”), which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

## 2. BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard interest of shareholders, customers, employees and the Group’s assets. The responsibility of reviewing the adequacy and integrity of the Group’s risk management and internal control system is delegated to the Audit Committee (“AC”), which is empowered by its terms of reference to seek assurance on the adequacy and integrity of financial, operational and compliance control and internal control system and risk management procedures through independent reviews carried out by the internal audit function and management.

The Board in consultation with the AC has appraised the adequacy and effectiveness of risk management and internal control processes which were in place during the financial year under review. Assurance has been received by the Board from the Managing Director that the Company’s risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the internal control system must be continuously reviewed and improved to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group’s risk management and internal control system.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group’s business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Risk Management and Internal Control Guidelines”), the Board has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the Board and accords with the Risk Management and Internal Control Guidelines.

The Board is of the view that risk management and internal control system in place for the year under review and up to the date of the issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the Group’s assets and the interests of other stakeholders.

## 3. RISK MANAGEMENT FRAMEWORK

The Group’s internal control mechanism is embedded in the various work processes and procedures at appropriate levels within the Group. The management team lead by the Managing Director comprising experienced personnel with vast specialised industry knowledge is assigned with the responsibility of managing the Group. They are accountable for the conduct and performance of respective operation units under their care.

The Heads of Department have been delegated the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings attended by the Managing Director.

In addition, significant risks identified, material issues and updated information affecting the Group which requires decisions or appropriate actions to be taken are brought to the attention of the Board.

The AC is also responsible for reviewing and monitoring the effectiveness of the Group’s internal control system. In this respect, the Group has outsourced the internal audit function to an independent professional service provider to undertake the responsibility to conduct regular reviews on the Group’s operation processes and reports directly to the AC. Follow up reviews were carried out to ensure that the agreed action plans were implemented.



# Statement On Risk Management & Internal Control

(Cont'd)

## 4. INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors monitor compliance based on the established policies and procedures and the effectiveness of the internal control system and highlights significant findings for any non-compliance. The internal audit function adopts risk based approach and prepares its audit plan based on key risks identified.

The Internal Auditors carried out internal audit review based on the annual audit plan approved by the AC. More reviews on the business processes by the Internal Auditors may be called by the AC as the need arises. The scope of work encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the system of internal control, risk management framework and corporate governance of the Group, which include:-

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, classify and report such information;
- Evaluating the system established to ensure compliance with policies, plans, procedures, laws and regulations which could have significant impact on operations and performance of the Group;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed; and
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.

During the financial year under review, the Internal Auditors had performed audit reviews in accordance with the approved audit plan. The results of their review were tabled to the AC at their schedule meetings. Senior management personnel is responsible for ensuring that corrective actions are implemented within the stipulated timeframe on the reported weaknesses. There were no significant control weaknesses identified during the FYE17. The Internal Auditors work closely and engage with Management team on salient audit issues noted during audit meetings. Respective Head of Department will be called to explain to the Management team and develop actions plans with relevant timeline to rectify issues noted. Subsequent follow-up audits will be conducted to ensure that corrective measures are taken to address the identified weaknesses.

The engagement fees for the outsourced internal audit function for the financial year ended 31 December 2017 were at the sum of RM20,000.

## 5. OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

- A well-defined organization chart with clear lines of accountability, which has a delegation of authority that sets out decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval.
- The AC reviews quarterly financial reports, annual financial statements and internal audit reports at the scheduled meetings and discuss with Management on internal control matters or appropriate corrective actions that are required to be taken to address internal control weaknesses identified.
- The AC members are all Independent Non-Executive Directors to provide independent objective judgement and opinion on internal control matters of the Group.
- The Managing Director and senior management personnel with support teams are dedicated and closely involved in the running of business and operations of the Group. Any significant changes in business and/or external environment which may affect operations of the Group at large were reported by the Managing Director to the Board accordingly.
- Timely and effective internal reporting involving the advice and services of qualified professionals such as internal auditors and Company Secretary are in place.
- Regular operational meetings are conducted among senior management personnel to discuss and review the business plans, budgets, financial and/or operational performances of the Group. Monthly meetings of the Heads of Department are held to review and monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the AC and Board for review. The Management updates the status of tenders and projects being pursued and current projects status during weekly operational meetings and quarterly Board meetings.

# Statement On Risk Management & Internal Control

(Cont'd)

- Internal control requirements are embedded in computerised system for effectiveness.
- The Credit Control Committee is chaired by the Chief Operating Officer and held monthly meeting to review reports from the Finance Manager and Marketing Manager with the objective of maximising the account receivables into cash flow and minimising impaired debts written off.

## 6. REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

The Board is dedicated to operating a sound system of internal control and recognises that the system must continuously evolve to support the business and the size of the Group.

The Board is satisfied that the process for identifying, evaluating and managing risks as outlined in this Statement had been in place for the year under review and up to the date of approval of this Statement upon due and careful assessment and based on the information and assurance provided. The Board is satisfied that there were no material control deficiencies, losses or contingencies noted during the financial year under review as the reported internal control weakness are considered to be at an acceptable level within the context of the Group's business environment.

The Board and Management will continue to take proactive measures to enhance and strengthen the control environment and the internal control system of the Group.

## 7. REVIEW OF STATEMENT ON INTERNAL CONTROL

The External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the annual report of the Group for the financial year ended 31 December 2017 in accordance with Audit and Assurance Practice Guide 3 [previously Recommended Practice Guide 5 (Revised 5)] ("AAPG3") by the Malaysian Institute of Accountants ("MIA") and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 13 April 2018.

## Additional Compliance Information

### 1. Utilisation of Proceeds from Corporate Proposal

The Company did not undertake any corporate proposal during the financial year ended 31 December 2017.

### 2. Conditional Mandatory Take-Over Offer

On 14 September 2017, the Board of Directors was informed that Parallel Pinnacle Sdn Bhd ("Offeror") entered into an unconditional share sale agreement with Loi Heng Sewn to acquire 28,300,000 ordinary shares in AbleGroup Berhad ("AbleGroup Share(s)"), representing 10.72% of the total number of issued shares of AbleGroup Berhad, for a cash consideration of RM0.13 per AbleGroup Share via direct business transaction.

Pursuant to the above, the Board had on even date, received a notice of conditional mandatory take-over offer from Mercury Securities Sdn Bhd ("Mercury Securities") on behalf of the Offeror to acquire all the remaining AbleGroup Shares not already owned by the Offeror ("Offer Share(s)") and the persons acting in concert with it for a cash consideration of RM0.13 per Offer Share ("Offer").

On 24 October 2017, the Company had received the press notice from Mercury Securities, on behalf of the Offeror, informing that the Offeror has received Valid Acceptances in respect of the Offer Shares resulting in the Offeror holding in aggregate more than 50% of the voting shares of AbleGroup. Accordingly, the Acceptance Condition of the Offer has been fulfilled and the Offer has become unconditional. The Offer closed on 7 November 2017, with the Offeror having 53.36% of the voting shares of AbleGroup thereat.

### 3. Material Contract

There were no material contracts of the Company and its subsidiaries involving the interests of the Directors or major shareholders, either still subsisting at the end of the financial year under review, or entered into since the end of the previous financial year.

### 4. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the external auditors for the financial year ended 31 December 2017 are as follows:

	Group (RM'000)	Company (RM'000)
Audit services		
- current year	51	33
- prior year	10	6
Non-audit services	4	4

### 5. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 26 May 2017 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 1 January 2017 to 31 December 2017 (RM'000)
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn. Bhd. to GPL	GPL Group Sdn. Bhd. ("GPL")	Dato' Lim Kim Huat is a director and major shareholder of the Company as well as a director and shareholder of GPL.	2,141

# Directors' Responsibility Statement

## In Preparing The Audited Financial Statements

As required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the Companies Act 2016 and give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2017, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

The Directors are generally responsible for taking such steps to preserve the interests of stakeholders and to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

The financial statements of the Company and the Group for the financial year ended 31 December 2017 are set out on pages 43 to 101 of this Annual Report.

# Financial Statements







<b>38</b>	Directors' report
<b>43</b>	Statements of financial position
<b>45</b>	Statements of comprehensive income
<b>46</b>	Statements of changes in equity
<b>48</b>	Statements of cash flows
<b>51</b>	Notes to the financial statements
<b>102</b>	Statement by directors
<b>103</b>	Statutory declaration
<b>104</b>	Independent auditors' report

# Directors' Report

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

## PRINCIPAL ACTIVITIES

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

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

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(Loss) for the financial year	3	(718)
Attributable to:		
Owners of the Company	3	(718)
Non-controlling interests	-	-
	<u>3</u>	<u>(718)</u>

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

## RESERVES OR PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

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

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

# Directors' Report

(Cont'd)

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

# Directors' Report

(Cont'd)

## ISSUE OF SHARES AND DEBENTURES

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

## FREE DETACHABLE WARRANTS 2012/2017

On 2 June 2011, 38,700,000 free detachable warrants ("the Warrants") were issued pursuant to the renounceable Rights Issue on the basis of 1 free Warrants for every 5 Rights Shares subscribed.

The salient terms of the Warrants 2012/2017 are disclosed in Note 17(b) to the financial statements.

During the financial year, 100 units of the Warrants 2012/2017 were exercised. On 19 January 2017, the exercise rights of the Warrants 2012/2017 were expired.

## DIRECTORS

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

Dato' Lim Kim Huat  
 Loi Heng Sewn  
 Wong Heang Fine  
 Cheong Marn Seng  
 Yeoh Chong Keat

## SUBSIDIARIES' DIRECTORS

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

Dato' Lim Kim Huat  
 Loi Heng Sewn  
 Seo Aik Leong

## DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 01.01.2017 '000	Bought '000	Sold '000	At 31.12.2017 '000
<b>The Company</b>				
<b>Direct interests</b>				
Dato' Lim Kim Huat	87,750	-	(87,750)	-
Loi Heng Sewn	28,300	-	(28,300)	-
Cheong Marn Seng	9	-	-	9
Yeoh Chong Keat	900	-	-	900

# Directors' Report

(Cont'd)

	Number of ordinary shares		
	At 01.01.2017 '000	Bought '000	Sold '000
			At 31.12.2017 '000
<b>Indirect interests</b>			
Dato' Lim Kim Huat #	-	140,816	-
			140,816

# Deemed interests by virtue of interests in Parallel Pinnacle Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Lim Kim Huat is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other director in office at the end of financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## SUBSIDIARIES

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

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiary did not contain any qualification.

## AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 24 to the financial statements.

## INDEMNITY FOR AUDITORS

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



# ▶ Directors' Report

## AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....  
**DATO' LIM KIM HUAT**

Director

.....  
**LOI HENG SEWN**

Director

Kuala Lumpur

Date: 13 April 2018

# Statements Of Financial Position

As At 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	851	1,009	6	8
Investment property	6	643	659	643	659
Intangible asset	7	-	-	-	-
Investment in subsidiaries	8	-	-	39,550	39,423
<b>Total non-current assets</b>		1,494	1,668	40,199	40,090
<b>Current assets</b>					
Inventories	9	2,717	3,342	-	-
Property development costs	10	35,950	35,839	-	-
Current tax assets		7	15	-	-
Amount owing by contract customers	11	1,487	1,753	-	-
Trade and other receivables	12	3,074	3,658	9	415
Amount owing by a subsidiary	13	-	-	3,598	4,983
Short-term investment	14	41	-	-	-
Deposits placed with licensed banks	15	3,972	3,051	1,250	400
Cash and bank balances		123	173	20	6
<b>Total current assets</b>		47,371	47,831	4,877	5,804
<b>TOTAL ASSETS</b>		48,865	49,499	45,076	45,894

# Statements Of Financial Position

As At 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	39,585	39,585	39,585	39,585
Other reserves	17	(409)	569	-	1,636
Retained profits		6,655	5,674	5,383	4,465
<b>Total equity</b>		45,831	45,828	44,968	45,686
<b>Non-current liability</b>					
Loans and borrowings	18	4	28	-	-
<b>Total non-current liability</b>		4	28	-	-
<b>Current liabilities</b>					
Loans and borrowings	18	573	898	-	-
Trade and other payables	19	2,457	2,739	108	208
Amount owing to contract customers	11	-	6	-	-
<b>Total current liabilities</b>		3,030	3,643	108	208
<b>TOTAL LIABILITIES</b>		3,034	3,671	108	208
<b>TOTAL EQUITY AND LIABILITIES</b>		48,865	49,499	45,076	45,894

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

# Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2017

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Revenue	20	9,063	9,894	-	-
Cost of sales	21	(7,042)	(8,473)	-	-
<b>Gross profit</b>		<b>2,021</b>	<b>1,421</b>	<b>-</b>	<b>-</b>
Other income	22	236	291	137	42
Selling and marketing expenses		(24)	(20)	-	-
Administrative expenses		(2,131)	(2,397)	(855)	(1,134)
Other expenses		-	(26)	-	-
<b>Operating profit/(loss)</b>		<b>102</b>	<b>(731)</b>	<b>(718)</b>	<b>(1,092)</b>
Finance costs	23	(91)	(138)	-	-
<b>Profit/(Loss) before tax</b>	24	<b>11</b>	<b>(869)</b>	<b>(718)</b>	<b>(1,092)</b>
Income tax expense	26	(8)	-	-	-
<b>Profit/(Loss) for the financial year</b>		<b>3</b>	<b>(869)</b>	<b>(718)</b>	<b>(1,092)</b>
<b>Other comprehensive loss, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		-	(1)	-	-
<b>Other comprehensive loss for the financial year</b>		<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss) for the financial year</b>		<b>3</b>	<b>(870)</b>	<b>(718)</b>	<b>(1,092)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		3	(869)	(718)	(1,092)
Non-controlling interests		-	-	-	-
		<b>3</b>	<b>(869)</b>	<b>(718)</b>	<b>(1,092)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		3	(870)	(718)	(1,092)
Non-controlling interests		-	-	-	-
		<b>3</b>	<b>(870)</b>	<b>(718)</b>	<b>(1,092)</b>
<b>Earnings per share (sen)</b>					
- basic	27	0.00	(0.33)		
- diluted	27	0.00	(0.33)		

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

# Statements Of Changes In Equity

For The Financial Year Ended 31 December 2017

	Share capital RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>Group</b>				
At 1 January 2016	39,585	570	6,543	46,698
<b>Total comprehensive loss for the financial year</b>				
Loss for the financial year	-	-	(869)	(869)
Other comprehensive loss for the financial year	-	(1)	-	(1)
Total comprehensive loss	-	(1)	(869)	(870)
At 31 December 2016	39,585	569	5,674	45,828
<b>Total comprehensive income for the financial year</b>				
Profit for the financial year	-	-	3	3
Total comprehensive income	-	-	3	3
<b>Transactions with owners</b>				
Exercise of Warrants 2012/2017	*	#	-	-
Warrants lapsed	-	(1636)	1,636	-
Realisation of exchange reserve	-	658	(658)	-
Total transactions with owners	-	(978)	978	-
At 31 December 2017	39,585	(409)	6,655	45,831

\*Represents RM15

#Represents negative RM15



# Statements Of Changes In Equity

For The Financial Year Ended 31 December 2017 (Cont'd)

	Share capital RM'000	Warrants reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>Company</b>				
At 1 January 2016	39,585	1,636	5,557	46,778
<b>Total comprehensive loss for the financial year</b>	-	-	(1,092)	(1,092)
At 31 December 2016	39,585	1,636	4,465	45,686
<b>Total comprehensive loss for the financial year</b>	-	-	(718)	(718)
<b>Transactions with owners</b>				
Exercise of Warrants 2012/2017	*	#	-	-
Warrants lapsed	-	(1,636)	1,636	-
Transactions with owners	-	(1,636)	1,636	-
At 31 December 2017	39,585	-	5,383	44,968

\*Represents RM15

#Represents negative RM15

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2017

Note	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	11	(869)	(718)	(1,092)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	158	156	2	18
- investment property	16	16	16	16
Impairment loss on trade receivables	-	27	-	-
Unrealised loss on foreign exchange	-	2	-	-
Reversal of impairment loss on trade receivables	(136)	(103)	-	-
Write-down of inventories	-	428	-	-
Interest expenses	91	138	-	-
Interest income	(96)	(143)	(23)	(41)
Operating profit/(loss) before changes in working capital	44	(348)	(723)	(1,099)
Changes in working capital:				
Property development costs	(111)	(1,896)	-	-
Amount due from/(to) contract customer	260	4,080	-	-
Inventories	625	(172)	-	-
Trade and other receivables	720	2,052	406	60
Trade and other payables	(282)	(841)	(100)	(5)
Net cash flows from/(used in) operations	1,256	2,875	(417)	(1,044)
Interest paid	(91)	(138)	-	-
Income tax paid	(8)	(8)	-	-
Income tax refunded	8	-	-	-
Net cash flows from/(used in) operating activities	1,165	2,729	(417)	(1,044)

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flow from investing activities</b>					
Withdrawal of deposits pledged for banking facilities		61	427	-	-
Cash pledged for bank guarantees		(71)	-	-	-
Placement of cash pledged for banking facilities		-	(31)	-	-
Placement of unit trust		(41)	-		
Net repayment from subsidiaries		-	-	1,258	1,408
Interest received		96	143	23	41
Net cash flows from investing activities		45	539	1,281	1,449
<b>Cash flows from financing activities</b>					
	(a)				
Net repayment of bankers' acceptance		(75)	(1,874)	-	-
Net repayment of trust receipts		(251)	(2,182)	-	-
Repayment of hire purchase payables		(23)	(22)	-	-
Net cash flows used in financing activities		(349)	(4,078)	-	-
Net increase/(decrease) in cash and cash equivalents		861	(810)	864	405
Effect of exchange rate changes on cash and cash equivalents		-	(1)	-	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		500	1,311	406	1
<b>Cash and cash equivalents at the end of the financial year</b>		1,361	500	1,270	406

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2017 (Cont'd)

Note	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Analysis of cash and cash equivalents:</b>				
Deposits placed with licensed banks	3,972	3,051	1,250	400
Cash and bank balances	123	173	20	6
	<u>4,095</u>	<u>3,224</u>	<u>1,270</u>	<u>406</u>
Less:				
Cash pledged as security for banking facilities	(12)	(73)	-	-
Pledged deposits	<u>(2,722)</u>	<u>(2,651)</u>	<u>-</u>	<u>-</u>
	<u>1,361</u>	<u>500</u>	<u>1,270</u>	<u>406</u>

**(a) Changes in liabilities arising from financing activities**

Changes in liabilities arising from financing activities are changes arising from cash flows.

# Notes To The Financial Statements

## 1. CORPORATE INFORMATION

AbleGroup Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Company is located at Block D4-U2-10, Level 2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2018.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standard ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

### 2.2 Adoption of amendments/improvements to FRSs

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

#### Amendments/Improvements to FRSs

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

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

#### ***Amendments to FRS 107 Statement of Cash Flows***

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

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



# Notes To The Financial Statements

(Cont'd)

## 2.3 MASB Approved Accounting Standards ("MFRSs")

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRS Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply MFRSs Framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using MFRSs framework for financial year ending 31 December 2018. The main effects arising from the transition to MFRSs Framework are discussed below.

### ***Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")***

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

### ***MFRS 9 Financial Instruments***

Key requirements of MFRS 9:

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

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

# Notes To The Financial Statements

(Cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 MASB Approved Accounting Standards ("MFRSs") (continued)

#### *MFRS 9 Financial Instruments (continued)*

Key requirements of MFRS 9 (continued):

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

#### *MFRS 15 Revenue from Contracts with Customers*

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

- identify the contracts with a customer;
- identify the performance obligation in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

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

# Notes To The Financial Statements

(Cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 MASB Approved Accounting Standards ("MFRSs") (continued)

#### *MFRS 15 Revenue from Contracts with Customers (continued)*

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

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

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

#### *MFRS 16 Leases*

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

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

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

### 2.4 Functional and presentation currency

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

### 2.5 Basis of measurement

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

### 2.6 Use of estimates and judgement

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

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of consolidation

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

#### (a) Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.8 to the financial statements.

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amount arising from interests in the comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

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

#### (b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Foreign currency transactions and operations

#### (a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each of reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively.

#### (b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

### 3.4 Financial instruments

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

Financial instruments are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.



# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (a) Subsequent measurement

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

##### (i) Financial assets

###### Financial assets at fair value through profit or loss

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

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

###### Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

###### Unquoted equity instruments carried at cost

Investment in equity instruments that does not have a quoted market price in an active market and whose fair value cannot be reliably measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a) to the financial statements.

##### (ii) Financial liabilities

###### Other financial liabilities

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### (c) Derecognition

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

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

#### (d) Offsetting of financial instruments

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

### 3.5 Property, plant and equipment

#### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment (continued)

#### (b) Subsequent costs

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

#### (c) Depreciation

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The annual depreciation rates are as follows:

Building	2% - 4.5%
Plant and machinery	9% - 10%
Motor vehicles	10% - 18%
Office and other equipment	10% - 18%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

#### (d) Derecognition

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

### 3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

#### Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (continued)

#### Lessee accounting (continued)

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

### 3.7 Investment property

Investment property is property held to earn rental income or for capital appreciation or for both.

Investment property is initially measured at cost, including transaction costs. The Group and the Company use the cost model to measure their investment property after initial recognition. Accordingly, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

### 3.8 Intangible asset - goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of the impairment losses is in accordance with Note 3.13(b) to the financial statements.

### 3.9 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition. Cost of finished goods and work-in-progress included the cost of materials, labour and an appropriate proportion of production overheads.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activities progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue and expenses are recognised only to the extent where the development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

### 3.11 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount owing by customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount owing to customers on contracts.

### 3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. The cash and cash equivalents are presented net of deposits pledged for banking facilities.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment of assets

#### (a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, and the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off loan is later recovered, the recovery is credited to the profit or loss.

#### Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.



# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment of assets (continued)

#### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and amount owing by contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. For goodwill, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

### 3.14 Share capital

#### Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Employee benefits

#### (i) Short term employee benefits

Short-term employee benefits obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

#### (ii) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

### 3.16 Revenue and other income

#### (a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.11 to the financial statements.

#### (b) Sales of goods

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

#### (c) Interest income

Interest income is recognised using the effective interest method.

### 3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs are recognised in profit or loss using the effective interest method.

### 3.18 Income taxes

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

#### (a) Current tax

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Income taxes (continued)

#### (b) Deferred tax

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

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

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

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

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

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

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

### 3.21 Fair value measurements

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

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

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

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

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

# Notes To The Financial Statements

(Cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.22 Contingencies

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

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

- (a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) The amount of the obligation cannot be measured with sufficient reliability.

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

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES AND ASSUMPTIONS

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

### 4.1 Construction revenue and expenses (Note 20 and Note 21)

The Group recognised construction revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work specialists.

### 4.2 Write-down of obsolete or slow-moving inventories (Note 9)

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

### 4.3 Provision of Liquidated Ascertain Damages ("LAD")

The Group uses a "best estimate" as the basis for measuring a provision. Directors evaluates the estimates based on the Group's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

# Notes To The Financial Statements

(Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

	<b>Building RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Office and other equipment RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017/31 December 2017	621	1,333	622	914	3,490
<b>Accumulated depreciation</b>					
At 1 January 2017	213	1,230	413	625	2,481
Depreciation for the financial year	13	51	46	48	158
At 31 December 2017	226	1,281	459	673	2,639
<b>Carrying amount at 31 December 2017</b>	<b>395</b>	<b>52</b>	<b>163</b>	<b>241</b>	<b>851</b>



# Notes To The Financial Statements

(Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
<b>Group</b>					
<b>2016</b>					
<b>Cost</b>					
At 1 January 2016/31 December 2016	621	1,333	622	914	3,490
<b>Accumulated depreciation</b>					
At 1 January 2016	201	1,187	351	586	2,325
Depreciation for the financial year	12	43	62	39	156
At 31 December 2016	213	1,230	413	625	2,481
<b>Carrying amount at 31 December 2016</b>	408	103	209	289	1,009

# Notes To The Financial Statements

(Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<b>Motor vehicles RM'000</b>	<b>Office and other equipment RM'000</b>	<b>Total RM'000</b>
<b>Company</b>			
<b>2017</b>			
<b>Cost</b>			
At 1 January 2017/31 December 2017	163	21	184
<b>Accumulated depreciation</b>			
At 1 January 2017	163	13	176
Depreciation for the financial year	-	2	2
At 31 December 2017	163	15	178
<b>Carrying amount at 31 December 2017</b>	-	6	6
<b>2016</b>			
<b>Cost</b>			
At 1 January 2016/31 December 2016	163	21	184
<b>Accumulated depreciation</b>			
At 1 January 2016	147	11	158
Depreciation for the financial year	16	2	18
At 31 December 2016	163	13	176
<b>Carrying amount at 31 December 2016</b>	-	8	8

(a) The building of the Group is constructed on a piece of leasehold land in which the Group has operating lease arrangement.

(b) Included in motor vehicles of the Group with carrying amount of RM83,538 (2016: RM92,270) was acquired under hire purchase arrangement.

# Notes To The Financial Statements

(Cont'd)

## 6. INVESTMENT PROPERTY

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Freehold building, at cost</b>		
At 1 January/31 December	804	804
<b>Accumulated depreciation</b>		
At 1 January	(145)	(129)
Depreciation for the financial year	(16)	(16)
At 31 December	(161)	(145)
<b>Carrying amount at 31 December</b>	643	659
<b>At fair value</b>	1,394	980

The direct operating expenses in respect of the investment property recognised in the profit or loss of the Group and of the Company are amounted to RM7,562 (2016: RM9,075).

### Fair value information

Fair value of the investment property is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Company</b>				
<b>2017</b>				
Freehold building	-	1,394	-	1,394
<b>2016</b>				
Freehold building	-	980	-	980

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

### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1.

The fair value of the Group's buildings is determined based on sales comparison approach.

The most significant inputs into this valuation approach is price per square foot.

### Highest and best use

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

## Notes To The Financial Statements

(Cont'd)

## 7. INTANGIBLE ASSETS

	Group	
	2017 RM'000	2016 RM'000
<b>Goodwill</b>		
<b>Cost</b>		
At 1 January/31 December	1,477	1,477
<b>Accumulated impairment losses</b>		
At 1 January/31 December	1,477	1,477
<b>Carrying amount at 31 December</b>	-	-

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
<b>Unquoted shares, at cost</b>		
At 1 January	15,825	15,825
Capital contribution to a subsidiary	36,550	36,423
At 31 December	52,375	52,248
<b>Accumulated impairment losses</b>		
At 1 January/31 December	12,825	12,825
<b>Carrying amount at 31 December</b>	39,550	39,423

Capital contributions represent unsecured, interest free non-trade advances given to a subsidiary. The settlement of these advances is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long-term source of capital to a subsidiary. As these advances are, in substance, a part of the Company's net investment in a subsidiary, they are stated at cost less impairment losses, if any.

# Notes To The Financial Statements

(Cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Ownership interests		Principal activities
		2017 %	2016 %	
Syarikat Bukit Granite Sdn. Bhd. ("SBG")	Malaysia	100	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs and investment holding.
Atlas Rhythm Sdn. Bhd. ("AR")	Malaysia	100	100	Property development.
<b>Held through SBG</b>				
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^	Republic of Turkey	100	100	Ceased operation.

^ Subsidiary without audited financial statements and auditors' reports.

## 9. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost</b>		
Finished goods	2,450	2,757
<b>At net realisable value</b>		
Finished goods	267	585
	<u>2,717</u>	<u>3,342</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	4,168	3,000
Write-down to net realisable value	-	428

# Notes To The Financial Statements

(Cont'd)

## 10. PROPERTY DEVELOPMENT COSTS

	Group	
	2017 RM'000	2016 RM'000
<b>At 1 January</b>		
Freehold land	28,202	28,202
Development costs	7,637	5,741
	<u>35,839</u>	<u>33,943</u>
<b>Cost incurred during the financial year</b>		
Development costs	111	1,896
<b>Carrying amount at 31 December</b>		
Freehold land	28,202	28,202
Development costs	7,748	7,637
	<u>35,950</u>	<u>35,839</u>

Staff costs capitalised during the financial year are amounted to RM14,416 (2016: RM1,326,709).

## 11. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group	
	2017 RM'000	2016 RM'000
<b>Amount owing by</b>		
Cost of contracts	15,574	44,836
Attributable profit recognised to date	4,903	7,684
	<u>20,477</u>	<u>52,520</u>
Less: Progress billings	(18,990)	(50,767)
	<u>1,487</u>	<u>1,753</u>
<b>Amount owing to</b>		
Cost of contracts	-	816
Attributable profit recognised to date	-	254
	<u>-</u>	<u>1,070</u>
Less: Progress billings	-	(1,076)
	<u>-</u>	<u>(6)</u>



# Notes To The Financial Statements

(Cont'd)

## 12. TRADE AND OTHER RECEIVABLES

Note	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade</b>				
Trade receivables	4,626	4,787	-	-
Less: Impairment for trade receivables	(1,693)	(1,720)	-	-
(a)	2,933	3,067	-	-
<b>Non-trade</b>				
Other receivables	1,367	1,859	1,314	1,829
GST refundable	18	32	-	-
Deposits	747	801	8	8
Prepayments	17	20	1	5
	2,149	2,712	1,323	1,842
Less: Impairment for other receivables	(2,008)	(2,121)	(1,314)	(1,427)
(b)	141	591	9	415
<b>Total trade and other receivables</b>	<b>3,074</b>	<b>3,658</b>	<b>9</b>	<b>415</b>

### (a) Trade receivables

The Group's normal trade credit terms range from 30 to 60 days (2016: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of the Group's trade receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	2,034	2,726
Past due but not impaired		
1 - 30 days past due not impaired	569	82
31 - 60 days past due not impaired	15	50
61 - 90 days past due not impaired	2	142
More than 90 days past due not impaired	313	67
	899	341
Impaired	1,693	1,720
	4,626	4,787

# Notes To The Financial Statements

(Cont'd)

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

#### Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Individually impaired</b>		
At 1 January	1,720	2,486
Charge for the financial year	-	27
Reversal of impairment loss	(23)	(103)
Written-off	(4)	(690)
At 31 December	1,693	1,720

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

Included in trade receivables as at 31 December 2017 are retention sums of RM1,893,143 (2016: RM2,644,713) relating to the ongoing construction work.

### (b) Other receivables

#### Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January/31 December	2,121	2,121	1,427	1,427
Reversal of impairment loss	(113)	-	(113)	-
At 31 December	2,008	2,121	1,314	1,427

## 13. AMOUNT OWING BY A SUBSIDIARY

Amount owing by a subsidiary is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

## 14. SHORT-TERM INVESTMENT

The short-term investment of the Group represents an investment in unquoted trust fund and earns interest at effective interest rates of 4.22% (2016: Nil) per annum.

# Notes To The Financial Statements

(Cont'd)

## 15. DEPOSITS PLACED WITH LICENSED BANKS

Included in deposits placed with licensed banks of the Group is an amount of RM2,721,675 (2016: RM2,650,599) pledged for banking facilities granted to the subsidiaries as disclosed in Note 18 to the financial statements.

The effective interest rates of the deposits placed with licensed banks of the Group range from 2.50% to 3.85% (2016: 2.85% to 3.15%) per annum at the end of the reporting period.

The effective interest rates of the deposits placed with licensed banks of the Company range from 2.50% to 3.85% (2016: 2.60%) per annum at the end of the reporting period.

## 16. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2017 Unit'000	2016 Unit'000	2017 RM'000	2016 RM'000
<b>Issued and fully paid up:</b>				
At 1 January	263,900	263,900	39,585	39,585
Exercise of warrants	*	-	#	-
At 31 December	263,900	263,900	39,585	39,585

\* Represents 100 units of shares

# Represents RM15

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

## 17. OTHER RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Exchange reserve	(409)	(1,067)	-	-
Warrant reserve	-	1,636	-	1,636
	(409)	569	-	1,636

### (a) Exchange reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation.

# Notes To The Financial Statements

(Cont'd)

## 17. OTHER RESERVES (CONTINUED)

### (b) Warrant reserve

Warrant reserve represent the fair value adjustment for the free detachable warrants ("the Warrants") issued pursuant to the rights issue.

The salient terms of the Warrants are as follows:

- (i) The Warrants will be constituted by a Deed Poll by the Company;
- (ii) The Warrants are traded separately;
- (iii) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue ("Exercise Period") at an exercise price of RM0.15 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;
- (iv) Subject to the approvals and adjustments under certain circumstances in accordance with the Deed Poll during the Exercise Price is payable upon the exercise of each Warrant by tendering cash payment of approximately RM0.15 for every new share;
- (v) Subject to the provisions in the Deed Poll, the exercise price and/or the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company whether by way of right issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected; and
- (vi) The Warrant holders shall not be entitled to any dividend, right, allotment and/or distribution declared by the Company, which entitlement date thereof precedes the allotment date of the new share allotted pursuant to the exercise of the Warrants.

The fair value of the Warrants is measured using the Black Scholes model with the following inputs:

Exercise price	0.15
Expected volatility (weighted average volatility)	94%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian government bonds)	4.088%

During the financial year, 100 units of the Warrants 2012/2017 were exercised. On 19 January 2017, the exercise rights of the Warrants 2012/2017 were expired.

# Notes To The Financial Statements

(Cont'd)

## 18. LOANS AND BORROWINGS

		Group	
	Note	2017 RM'000	2016 RM'000
<b>Non-current:</b>			
Finance lease liabilities	(a)	4	28
<b>Current:</b>			
Finance lease liabilities	(a)	24	23
Bankers' acceptance	(b)	-	75
Trust receipts	(b)	549	800
		573	898
<b>Total loans and borrowings</b>		577	926

### (a) Finance lease liabilities

Future minimum lease payments under finance leases together with the present value of net present value of net minimum lease payments are as follows:

	Group	
	2017 RM'000	2016 RM'000
Minimum lease payments:		
- not later than one year	25	25
- later than one year and not later than five years	4	29
	29	54
Less: Future finance charges	(1)	(3)
Present value of finance lease liabilities	28	51
Present value of minimum lease payments receivable:		
- not later than one year	24	23
- later than one year and not later than five years	4	28
	28	51
Less: Amount due within twelve months	(24)	(23)
Amount due after twelve months	4	28

Motor vehicles of the Group as disclosed in Note 5 to the financial statements are pledged for finance leases. The interest rate implicit in the finance lease liabilities is 4.55% (2016: 4.55%) per annum.

# Notes To The Financial Statements

(Cont'd)

## 18. LOANS AND BORROWINGS (CONTINUED)

### (b) Bankers' acceptance and trust receipts

The bankers' acceptance and trust receipts of the Group are secured by way of:

- (i) deposits placed with licensed banks as disclosed in Note 15 to the financial statements; and
- (ii) a corporate guarantee of the Company.

The range of interest rate at the end of the reporting period for bankers' acceptance and trust receipts are as follows:

	Group	
	2017 %	2016 %
Bankers' acceptance	-	8.60%
Trust receipt	8.30%	8.10%

## 19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade</b>					
Trade payables	(a)	943	998	-	-
		943	998	-	-
<b>Non-trade</b>					
Other payables		276	232	21	86
Deposits		-	155	-	-
Accruals	(b)	1,238	1,354	87	122
		1,514	1,741	108	208
		2,457	2,739	108	208

### (a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2016: 30 to 60 days).

Included in trade payables are retention sums of RM351,092 (2016: RM371,729) relating to the ongoing construction work.



# Notes To The Financial Statements

(Cont'd)

## 19. TRADE AND OTHER PAYABLES (CONTINUED)

### (b) Accruals

Included in accruals are:

- (i) accruals for directors' fee amounting to RM41,000 (2016: RM41,000).
- (ii) accruals for construction costs amounting to RM334,286 (2016: RM780,267).

## 20. REVENUE

	Group	
	2017 RM'000	2016 RM'000
Contract revenue	8,529	9,340
Sale of goods	534	554
	<u>9,063</u>	<u>9,894</u>

## 21. COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
Contract costs	6,539	8,215
Cost of goods sold	503	258
	<u>7,042</u>	<u>8,473</u>

## 22. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposit interests	97	143	23	41
Realised gain on foreign exchange	-	21	-	1
Reversal of impairment loss on trade receivables	136	103	113	-
Others	3	24	1	-
	<u>236</u>	<u>291</u>	<u>137</u>	<u>42</u>

# Notes To The Financial Statements

(Cont'd)

## 23. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expense on:		
- bank overdraft	-	2
- finance lease liabilities	2	3
- bankers' acceptance	-	98
- trust receipts	89	35
	<u>91</u>	<u>138</u>

## 24. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- current year	51	49	33	33
- prior years	10	12	6	5
Non-statutory audit fees	4	7	4	7
Rental of premises	233	221	-	-
Rental of office equipment	7	6	4	3
Employee benefits expense (Note 25)	1,750	1,841	221	382

## 25. EMPLOYEE BENEFITS EXPENSE

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Salaries and allowances		1,553	1,642	194	335
Defined contribution plan		167	187	24	43
Staff welfare		30	12	3	4
		<u>1,750</u>	<u>1,841</u>	<u>221</u>	<u>382</u>
Included in employee benefits expenses are:					
Directors' remuneration	28	299	299	299	299
		<u>299</u>	<u>299</u>	<u>299</u>	<u>299</u>

# Notes To The Financial Statements

(Cont'd)

## 26. INCOME TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Income tax</b>				
- current year	8	-	-	-
	8	-	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit/(loss) for the financial year.

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	11	(869)	(718)	(1,092)
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	3	(209)	(172)	(262)
Tax effects arising from:				
- non-taxable income	-	(2)	-	-
- non-deductible expenses	192	270	172	262
- differential tax rate	-	-	-	-
- utilisation of deferred tax assets not recognised during the financial year	(187)	(59)	-	-
Income tax expense for the financial year	8	-	-	-

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

	Group	
	2017	2016
	RM'000	RM'000
Property, plant and equipment	724	633
Unutilised tax losses	3,836	4,703
	4,560	5,336
Potential deferred tax assets at 24% (2016: 24%)	1,094	1,281

# Notes To The Financial Statements

(Cont'd)

## 27. EARNINGS/(LOSS) PER SHARE

### Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of shares outstanding during the financial year, calculated as follows:

	2017 RM'000	2016 RM'000
Profit/(Loss) attributable to owners of the Company	3	(869)
	2017 '000	2016 '000
Weighted average number of ordinary shares for basic earnings/(loss) per share	263,900	263,900
	2017 Sen	2016 Sen
Basic earnings/(loss) per ordinary share	0.00	(0.33)

### Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share calculation is equivalent to the basic earnings per share as the Company does not have potential ordinary shares outstanding at the end of the reporting period.

## 28. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of remuneration received and receivables by the directors of the Group and of the Company during the financial year are as follows:

	Group and Company	
	2017 RM'000	2016 RM'000
Executive director's remuneration		
- Salaries, bonus and other emoluments	120	120
- Defined contribution plan	15	15
Total directors' non-fee emoluments	135	135
Non-executive directors' fee	164	164
Total directors' remuneration	299	299

# Notes To The Financial Statements

(Cont'd)

## 28. DIRECTORS' REMUNERATION (CONTINUED)

- (b) The number of directors of the Group and of the Company at the end of the financial year whose total remuneration during the financial year fell within the following bands are analysed below:

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
<b>Executive directors</b>		
RM100,000 - RM150,000	1	1
<b>Non-executive directors</b>		
Less than RM50,000	4	4
	<u>5</u>	<u>5</u>

## 29. OPERATING LEASE COMMITMENTS

### Leases as lessee

The Group leases a piece of land under operating leases for lease term of 2 years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	233	233
More than one year and not later than five years	-	233
	<u>233</u>	<u>466</u>

## 30. RELATED PARTIES

### (a) Identification of related parties

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interests, and
- (iii) Key management personnel which comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

# Notes To The Financial Statements

(Cont'd)

## 30. RELATED PARTIES (CONTINUED)

### (b) Significant related party transactions and balances

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

	Group	
	2017 RM'000	2016 RM'000
Sales of stones and provision of contract workmanship and other related services to a company in which a director has interest in	2,140	2,427

Significant outstanding balance with related parties at the end of the financial year are as disclosed in Note 8 and 13 to the financial statements.

### (c) Compensation of key management personnel

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	555	636	299	400

## 31. CONTINGENT LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Performance bonds extended to third parties		
- project related	383	1,218
Bank guarantees issued in favour of third parties		
- project related	-	72
	383	1,290



# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as follows:

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Carrying amount RM'000
<b>Group</b>				
<b>2017</b>				
<b>Financial assets</b>				
Trade and other receivables *	3,039	-	-	3,039
Short-term investments	-	41	-	41
Deposits placed with licensed banks	3,972	-	-	3,972
Cash and bank balances	123	-	-	123
	<b>7,134</b>	<b>41</b>	<b>-</b>	<b>7,175</b>
<b>Financial liabilities</b>				
Loans and borrowings	-	-	577	577
Trade and other payables	-	-	2,457	2,457
	<b>-</b>	<b>-</b>	<b>3,034</b>	<b>3,034</b>
<b>2016</b>				
<b>Financial assets</b>				
Trade and other receivables *	3,606	-	-	3,606
Deposits placed with licensed banks	3,051	-	-	3,051
Cash and bank balances	173	-	-	173
	<b>6,830</b>	<b>-</b>	<b>-</b>	<b>6,830</b>
<b>Financial liabilities</b>				
Loans and borrowings	-	-	926	926
Trade and other payables	-	-	2,739	2,739
	<b>-</b>	<b>-</b>	<b>3,665</b>	<b>3,665</b>

## Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Carrying amount RM'000
<b>Company</b>				
<b>2017</b>				
<b>Financial assets</b>				
Trade and other receivables *	8	-	-	8
Amount owing by a subsidiary	3,598	-	-	3,598
Deposits placed with licensed banks	1,250	-	-	1,250
Cash and bank balances	20	-	-	20
	<u>4,876</u>	<u>-</u>	<u>-</u>	<u>4,876</u>
<b>Financial liabilities</b>				
Trade and other payables	-	-	108	108
	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>
<b>2016</b>				
<b>Financial assets</b>				
Trade and other receivables *	410	-	-	410
Amount owing by a subsidiary	4,983	-	-	4,983
Deposits placed with licensed banks	400	-	-	400
Cash and bank balances	6	-	-	6
	<u>5,799</u>	<u>-</u>	<u>-</u>	<u>5,799</u>
<b>Financial liabilities</b>				
Trade and other payables	-	-	208	208
	<u>-</u>	<u>-</u>	<u>208</u>	<u>208</u>

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in derivatives instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

#### (i) Credit risk

##### Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and amount owing by a subsidiary. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limit and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 12(a) to the financial statements. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their net realisable values. Impairment is made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk

##### Trade and other receivables (continued)

The Company monitors the results of the subsidiaries in determining the recoverability of the intercompany balance.

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by two (2016: two) customers which constituted approximately 85% (2016: 91%) of its trade receivables as at the end of reporting period.

##### Other financial assets

For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

##### Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to its subsidiary. The Company monitors the results of the subsidiary and its repayment on an ongoing basis. The maximum exposure to credit risk amounts to RM549,000 (2016: RM875,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(b)(ii) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

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

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between the financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds.

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

##### Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

Group	Contractual cash flows				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	Between 1 and 5 years RM'000	More than five years RM'000	
<b>2017</b>					
<b>Financial liabilities</b>					
Loans and borrowings	577	574	4	-	578
Trade and other payables	2,457	2,457	-	-	2,457
	<u>3,034</u>	<u>3,031</u>	<u>4</u>	<u>-</u>	<u>3,035</u>
<b>2016</b>					
<b>Financial liabilities</b>					
Loans and borrowings	926	900	29	-	929
Trade and other payables	2,739	2,739	-	-	2,739
	<u>3,665</u>	<u>3,639</u>	<u>29</u>	<u>-</u>	<u>3,668</u>

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

##### Maturity analysis (continued)

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (continued):

	Contractual cash flows				
	Carrying amount	On demand	Between	More than	Total
Company	RM'000	or within one year	1 and 5 years	five years	RM'000
		RM'000	RM'000	RM'000	
<b>2017</b>					
<b>Financial liabilities</b>					
Trade and other payables	108	108	-	-	108
Financial guarantee contracts	-	549	-	-	549
	108	657	-	-	657
<b>2016</b>					
<b>Financial liabilities</b>					
Trade and other payables	208	208	-	-	208
Financial guarantee contracts	-	875	-	-	875
	208	1,083	-	-	1,083

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial risk management (continued)

#### (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when purchases that are denominated in a foreign currency) and the Group's net investment in a foreign subsidiary.

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group		Company	
	Functional currencies		Functional currencies	
	Ringgit		Ringgit	
	Malaysia	Total	Malaysia	Total
	RM'000	RM'000	RM'000	RM'000
<b>2017</b>				
Financial assets and liabilities not held in functional currencies:				
<b><u>Cash and bank balances</u></b>				
New Turkish Lira ("NTL")	14	14	-	-
	14	14	-	-
<b><u>Trade and other payables</u></b>				
New Turkish Lira ("NTL")	11	11	-	-
United States Dollar ("USD")	14	14	-	-
	25	25	-	-



# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (iii) Foreign currency risk (continued)

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (continued):

	Group		Company	
	Functional currencies		Functional currencies	
	Ringgit Malaysia RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2016</b>				
Financial assets and liabilities not held in functional currencies:				
<b><u>Other receivables</u></b>				
Chinese Renminbi ("RMB")	65	65	65	65
	65	65	65	65
<b><u>Cash and bank balances</u></b>				
New Turkish Lira ("NTL")	14	14	-	-
	14	14	-	-
<b><u>Trade and other payables</u></b>				
New Turkish Lira ("NTL")	11	11	-	-
United States Dollar ("USD")	14	14	-	-
	25	25	-	-

# Notes To The Financial Statements

(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (iii) Foreign currency risk (continued)

##### Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to USD, NTL and RMB.

The directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Group and of the Company. As such, sensitivity analysis is not presented.

#### (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily their short-term loans and borrowings with floating rates, amounting to RM549,000 (RM875,000).

The directors believe that the impact of interest rate fluctuation will not significantly affect the profitability of the Group. As such, sensitivity analysis is not presented.

### (c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the financial lease liabilities at fixed rate due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial year (2016: no transfer in either directions)

The fair value measurement hierarchies used to measure fair value of the assets and liabilities at the end of the reporting period.

- (a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes To The Financial Statements

(Cont'd)

## 33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2017 and 31 December 2016.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity.

The gearing ratio at 31 December 2017 and 31 December 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade and other payables	2,457	2,739	108	108
Bankers' acceptances	-	75	-	-
Hire purchase payables	28	51	-	-
Trust receipts	549	800	-	-
Total debts	3,034	3,665	108	108
Total equity	45,831	45,828	44,968	45,686
Debt-to-equity ratio	0.07	0.08	0.00	0.00

# Notes To The Financial Statements

(Cont'd)

## 34. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main business segments as follows:

- (i) Building material segment – involved in supply, delivery and installation of stone and tiling works.
- (ii) Investment holding – involved in investment holding.
- (iii) Property development segment – involved in property development activity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measures differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

# Notes To The Financial Statements

(Cont'd)

## 35. SEGMENT INFORMATION (CONTINUED)

### (a) Business segments

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
<b>2017</b>				
<b>Revenue</b>				
External customer	9,063	-	-	9,063
Inter-segment	-	-	-	-
	9,063	-	-	9,063
Adjustments and eliminations				-
Consolidated revenue				9,063
<b>Results</b>				
Segment results	912	(854)	(15)	43
Interest income	71	23	3	97
Other material items of income	23	113	-	136
Depreciation of property, plant and equipment and investment property	(124)	(18)	(32)	(174)
Interest expenses	(89)	-	(2)	(91)
Income tax expense	(8)	-	-	(8)
	785	(736)	(46)	3
Adjustments and eliminations				-
Consolidated profit for the financial year				3
<b>Assets</b>				
Segment assets	10,633	64,922	36,323	111,878
Unallocated assets				6
				111,884
Adjustments and eliminations				(63,019)
Consolidated total assets				48,865
<b>Liabilities</b>				
Segment liabilities	6,483	4,667	31	11,181
Adjustments and eliminations				(8,147)
Consolidated total liabilities				3,034

# Notes To The Financial Statements

(Cont'd)

## 35. SEGMENT INFORMATION (CONTINUED)

### (i) Business segments (continued)

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
<b>2016</b>				
<b>Revenue</b>				
External customer	9,894	-	-	9,894
Inter-segment	-	-	-	-
	9,894	-	-	9,894
Adjustments and eliminations				-
Consolidated revenue				9,894
<b>Results</b>				
Segment results	336	(1,099)	(15)	(778)
Interest income	93	41	9	143
Other material items of income	103	-	-	103
Depreciation of property, plant and equipment and investment property	(106)	(34)	(32)	(172)
Other non-cash expenses	(27)	-	-	(27)
Interest expenses	(135)	-	(3)	(138)
	264	(1,092)	(41)	(869)
Adjustments and eliminations				-
Consolidated loss for the financial year				(869)
<b>Assets</b>				
Segment assets	11,733	65,745	36,263	113,741
Unallocated assets				15
				113,756
Adjustments and eliminations				(64,257)
Consolidated total assets				49,499
<b>Liabilities</b>				
Segment liabilities	8,383	4,748	52	13,183
Adjustments and eliminations				(9,512)
Consolidated total liabilities				3,671

# Notes To The Financial Statements

(Cont'd)

## 35. SEGMENT INFORMATION (CONTINUED)

### (a) Business segments (continued)

- (i) Other material items of income consist of the following:

	Group	
	2017	2016
	RM'000	RM'000
Reversal of impairment loss on trade receivables	136	103

- (ii) Other non-cash expenses consist of the following:

	Group	
	2017	2016
	RM'000	RM'000
Impairment loss on trade receivables	-	27

### (b) Geographical information

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

### (c) Major customers

Revenue from three (2016: two) major customers contributed an aggregate revenue of RM5,798,089 (2016: RM5,014,000) of the Group's total revenue in the building material segment.



## ▶ Statement By Directors

We, **DATO' LIM KIM HUAT** and **LOI HENG SEWN**, being two of the directors of **ABLEGROUP BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 43 to 101 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**DATO' LIM KIM HUAT**

Director

.....  
**LOI HENG SEWN**

Director

Kuala Lumpur

Date: 13 April 2018

# Statutory Declaration

(Cont'd)

I, **DATO' LIM KIM HUAT**, being the director primarily responsible for the financial management of **ABLEGROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 43 to 101 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

.....  
**DATO' LIM KIM HUAT**  
MIA Membership No. : CA 5667

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 April 2018.

Before me,

.....  
Commissioner for Oaths

# ► Independent Auditors' Report To The Members Of AbleGroup Berhad

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of AbleGroup Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Group

---

#### Construction revenue and expenses recognised for construction business (Note 4.1, Note 20 and Note 21 to the financial statements)

---

#### Risk:

We focused on this area because the amounts of revenue and related expenses recognised in the construction business require the directors to apply significant judgement. The revenue and related expenses are recognised based on stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by variety of uncertainties that depend on the outcome of future events.

#### Our response:

Our audit procedures on a sample of major projects included, among others:

- evaluating the implementation of the controls over the Group's process in recording project revenue, budgeting process and the calculation of the percentage of completion;
- reviewing the Group's assumptions by comparing to the contractual terms, identification and analysis of changes in assumptions from prior periods and discussing project progress with project manager; and
- checking the computation of revenue and corresponding costs for the projects.

(Cont'd)

# Independent Auditors' Report To The Members Of AbleGroup Berhad

## Key Audit Matters (Continued)

### Group (Continued)

#### Inventories (Note 4.2 and Note 9 of the financial statements)

##### **Risk:**

We focus on this area because inventories require significant judgements by the Group. The review of the carrying amount of these inventories at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

##### **Our response:**

Our audit procedures included, among others:

- discussing the judgement made by the Group on the basis of assessment on inventories written down;
- attending the physical inventories count to observe the physical existence and condition of the inventories; and
- reviewing whether the inventories have been written down to their net realisable value, if any, for inventory items with net realisable value lower than their costs.

#### Provision for liquidated and ascertained damages ("LAD") (Note 4.3 of the financial statements)

##### **Risk:**

The assessment of any provision to be made by the Group in respect of liquidated and ascertained damages is a matter of critical judgement and subject to inherent uncertainty. We focused on this area because there is significant judgement involved in the assumptions used to assess any recognition and estimate of any provisions.

##### **Our response:**

Our audit procedures included, among others:

- discussing with directors to understand the status of the project and reviewing the correspondence documents of project; and
- reviewing letter of award, correspondences, final accounts and subsequent collections to corroborate the key judgements applied by directors.

### Company

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

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

# ► Independent Auditors' Report To The Members Of AbleGroup Berhad (Cont'd)

## Information other than Financial Statements and Auditors' Report Thereon (Continued)

### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

(Cont'd)

# Independent Auditors' Report To The Members Of AbleGroup Berhad

## Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

## Other Matters

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

Baker Tilly Monteiro Heng  
No. AF 0117  
Chartered Accountants

Dato' Lock Peng Kuan  
No. 02819/10/2018 J  
Chartered Accountant

Kuala Lumpur

Date: 13 April 2018

## List Of Properties

Location/Address	Description/ Existing Use	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Carrying amount as at 31.12.2017 RM'000
Lot 18-15, Centro Business Centre, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan held under Lot No.18-15, HS(M) 8806-HS(M) 8829, PT20412-PT20435, HS(M) 20856 PT27083 Mukim Kapar and GM 5802 Lot 1034 all of Mukim Kapar, Daerah Klang	Office unit/ Investment property	Freehold	260m <sup>2</sup> (built-up)	9	2007	643
289, Lot No. 1589, Mukim Of Batu, District Of Kuala Lumpur, State Of Wilayah Persekutuan Kuala Lumpur	Development land/ Property development costs	Freehold	1.214 hectares	N/A	2012	28,202

# Analysis Of Shareholdings

As at 30 March 2018

Total number of issued shares	:	263,899,852 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Holdings	No. of Holders	%	No. of Shares Held	%
Less than 100	60	1.563	2,272	0.000
100 - 1,000	2,365	61.636	744,144	0.281
1,001 - 10,000	548	14.281	2,672,071	1.012
10,001 - 100,000	650	16.940	27,032,865	10.243
100,001 to less than 5% of issued shares	213	5.551	92,632,100	35.101
5% and above of issued shares	1	0.026	140,816,400	53.359
<b>Total</b>	<b>3,837</b>	<b>100.00</b>	<b>263,899,852</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

Name of Directors	----- Direct -----		----- Indirect -----	
	No. of Shares held	%	No. of Shares held	%
Dato' Lim Kim Huat	-	-	140,816,400 <sup>(a)</sup>	53.36
Loi Heng Sewn	-	-	-	-
Yeoh Chong Keat	900,000	0.34	-	-
Cheong Marn Seng	9,000	*	-	-
Wong Heang Fine	-	-	-	-

### Notes:

(a) Held through Parallel Pinnacle Sdn Bhd ("Parallel"). Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in Golden Century Overseas Ltd, the holding company of Parallel.

\* Negligible.

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (As per Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholders	----- Direct -----		----- Indirect -----	
	No. of Shares held	%	No. of Shares held	%
Parallel Pinnacle Sdn Bhd	140,816,400	53.36	-	-
Golden Century Overseas Ltd	-	-	140,816,400 <sup>(a)</sup>	53.36
Dato' Lim Kim Huat	-	-	140,816,400 <sup>(b)</sup>	53.36
Datin Chan Shiou Bin	-	-	140,816,400 <sup>(b)</sup>	53.36

### Notes:

(a) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of Golden Century Overseas Ltd ("Golden Century") being the holding company of Parallel Pinnacle Sdn Bhd ("Parallel").

(b) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his/her interest in Golden Century, the holding company of Parallel.



# Analysis Of Shareholdings

(Cont'd)

As at 30 March 2018

## LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS

NO.	Name of Shareholders	No. of Shares	%
1	PARALLEL PINNACLE SDN BHD	140,816,400	53.359
2	RHB NOMINEES (TEMPATAN) SDN BHD RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD FOR PERBADANAN NASIONAL BERHAD	4,010,700	1.519
3	SEIK THYE KONG	3,385,100	1.282
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	3,132,400	1.186
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR AZIZAN BIN ABD RAHMAN (MY0531)	2,250,000	0.852
6	WANG SZE YAO @ WANG MING WAY	2,087,975	0.791
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAI KONG (7003764)	2,000,000	0.757
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	1,800,000	0.682
9	GAN CHING HAN @ PAUL NGAN CHING HAN	1,264,400	0.479
10	CHAN THENG SUNG	1,200,000	0.454
11	TAN KA LIAN	1,132,300	0.429
12	GAN CHING HAN @ PAUL NGAN CHING HAN	1,128,000	0.427
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG LIONG YIEN	1,098,000	0.416
14	SOO SIEW SENG	1,060,000	0.401
15	WEE JUI JONG	1,036,000	0.392
16	LIEW TIEN CHOY	1,010,000	0.382
17	HENG GUEK KENG	1,000,000	0.378
18	LIM AH TEE	1,000,000	0.378
19	LOW KHIAN SENG	1,000,000	0.378
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEAK JOO	1,000,000	0.378
21	ONG SOI TAT	1,000,000	0.378
22	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)	1,000,000	0.378
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH CHENG TONG	1,000,000	0.378
24	TAN KHAY LONG	1,000,000	0.378
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PANG MEI CHEA @ SEE KIEW	986,900	0.373
26	TEO KOK WENG	953,000	0.361
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	950,000	0.359
28	YEOH CHONG KEAT	900,000	0.341
29	KOH BOON POH	867,600	0.328
30	GOH AI PHENG	850,000	0.322
<b>TOTAL</b>		<b>181,918,775</b>	<b>68.934</b>

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fourteenth Annual General Meeting (AGM) of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 8 June 2018 at 3.00 p.m. to transact the following business:-

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and benefits amounting to RM164,000.00 in respect of the financial year ended 31 December 2017. **(Resolution 1)**
3. To approve the payment of Directors' fees and benefits up to an amount of RM224,000.00 from 1 January 2018 until the next AGM of the Company. **(Resolution 2)**
4. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Constitution:-
  - i Dato' Lim Kim Huat **(Resolution 3)**
  - ii Wong Heang Fine **(Resolution 4)**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

6. **RETENTION OF CHEONG MARN SENG AS INDEPENDENT DIRECTOR** **(Resolution 6)**  
 "THAT in accordance with the Malaysian Code on Corporate Governance ("MCCG"), Cheong Marn Seng be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."
7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES** **(Resolution 7)**  
 "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."
8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE")** **(Resolution 8)**  
 "THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature

# Notice Of Annual General Meeting

(Cont'd)

as stated in Section 2.4 of the Circular to Shareholders dated 30 April 2018 with the specified classes of related party(ies) mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party(ies) than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Renewal of RRPT Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

## BY ORDER OF THE BOARD

**LIM FEI CHIA (MAICSA 7036158)**

**TAN FONG SHIAN (MAICSA 7023187)**

Company Secretaries

Kuala Lumpur  
30 April 2018

## Notes:-

1. The Audited Financial Statements for the financial year ended 31 December 2017 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only and do not require shareholders' approval. As such, this item will not be put for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2018 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
3. A member shall be entitled to appoint not more than three (3) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.
4. Where a member appoints more than one (1) proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. To be valid, the original proxy form, duly completed and the power of attorney (if any) under which it is signed or a certified copy thereof must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
7. If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

# Notice Of Annual General Meeting

(Cont'd)

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.
9. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

## Explanatory Notes on Special Business

### 10. Retention of Cheong Marn Seng as Independent Director

The proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as an Independent Non-Executive Director. Mr Cheong had served the Company as Independent Director for a cumulative period of more than nine (9) years. In accordance with the MCCG, the Board of Directors of the Company and the Nomination Committee had assessed the independence of Mr Cheong and recommended that he be retained as an Independent Non-Executive Director of the Company based on amongst others, the following justifications:-

- (i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Listing Requirements of Bursa Securities;
- (ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
- (iii) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
- (iv) He has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director and has provided unbiased, objective and independent view and judgment to Board deliberations. 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.

### 11. Authority for Directors to Issue Shares

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

The General Mandate procured and approved in the preceding year 2017 which was not exercised by the Company during the year, will expire at the forthcoming Fourteenth Annual General Meeting of the Company.

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

### 12. Proposed Renewal of RRPT Mandate

This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 30 April 2018 despatched together with the Annual Report 2017. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

## ▶ Statement Accompanying Notice Of Annual General Meeting

No individual is standing for election as Director at the Fourteenth Annual General Meeting of the Company.

**- The rest of this page has been intentionally left blank -**

**ABLEGROUP BERHAD (654188-H)**  
(Incorporated in Malaysia)

# FORM OF PROXY

Number of Shares held:
CDS Account No.:
Contact No.:

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full address)

being a member of **ABLEGROUP BERHAD**, do hereby appoint \_\_\_\_\_  
(Full name in block letters and NRIC No.)

of \_\_\_\_\_  
(Full address)

or failing him/her \_\_\_\_\_  
(Full name in block letters and NRIC No.)

of \_\_\_\_\_  
(Full address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 8 June 2018 at 3.00 p.m. or at any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits amounting to RM164,000.00 in respect of the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fees and benefits up to an amount of RM224,000.00 from 1 January 2018 until the next AGM of the Company.		
3.	To re-elect Dato' Lim Kim Huat as Director.		
4.	To re-elect Wong Heang Fine as Director.		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration.		
6.	To retain Cheong Marn Seng as Independent Director.		
7.	To authorise Directors to issue shares.		
8.	Proposed renewal of RRPT Mandate.		

(Please indicate with a "x" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
Signature/Common Seal of Member

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2018 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.
- A member shall be entitled to appoint not more than three (3) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.
- Where a member appoints more than one (1) proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- To be valid, the original proxy form, duly completed and the power of attorney (if any) under which it is signed or a certified copy thereof must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.
- The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

Fold here

Affix  
Stamp  
Here

The Company Secretaries

**ABLEGROUP BERHAD**  
**(654188-H)**

**c/o Archer Corporate Services Sdn Bhd**  
Suite 11.1A, Level 11  
Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur

Fold here



**AbleGroup Berhad**



Block D4-U2-10, Level 2, Solaris Dutamas,  
No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.



Tel : 03-6207 8186/286/386  
Fax : 03-6207 8786



[www.ablegroup.com.my](http://www.ablegroup.com.my)