Able
AbleGroup Bhd

ANNUAL REPORT 2019

Delivering Excellence
in Bespoke Craftmanship

CONTENTS

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
SSM PC No. 202008000515
MAICSA 7036158

TAN FONG SHIAN @ LIM FONG SHIAN
SSM PC No. 201908004045
MAICSA 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 PLT
Baker Tilly 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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Sector/Sub-sector : Industrial Products
& Services/Building Materials

Stock Name : ABLEGRP

Stock Code : 7086

Corporate Structure

AbleGroup Bhd

- Syarikat Bukit Granite Sdn. Bhd. — 100%
  - Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (Turkey) — 100%
- Atlas Rhythm Sdn. Bhd. — 100%

Directors' Profile

Yeoh Chong Keat
(62 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.

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 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.

As at 28 May 2020, he has direct shareholdings of 900,000 ordinary shares in the Company. He attended four (4) Board of Directors' meetings of the Company held during the financial year ended 31 December 2019.

Dato' Lim Kim Huat
(60 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. He began his career at Pricewaterhouse Coopers in Kuala Lumpur in 1980 before venturing into the commercial sector. Dato' Lim is 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, a public company listed on the Main Market of Bursa Securities 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 28 May 2020. 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 five (5) Board of Directors' meetings of the Company held during the financial year ended 31 December 2019.

Wong Heang Fine
(62 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 Nomination Committee and a member of the Audit Committee of the Board.

Mr Wong Heang Fine graduated with First Class Honours in B.Sc (Mechanical Engineering) from the University of Leeds, England and a M.Sc (Engineering Production and Management) from the University of Birmingham, England. He was conferred a Medal of Commendation during the National Trades Union Congress (NTUC) May Day Awards 2020 for advancing HR best practices and employees' interests. He is recently conferred a Fellow of the Royal Institution of Chartered Surveyors.

Mr Wong joined Surbana Jurong in 2015 as its Group Chief Executive Officer and Board Director. Since then, the firm has grown five folds into one of the largest urban, infrastructure and management services consulting firms in Asia with a global talent pool of over 16,500 employees based in more than 120 offices in over 40 countries worldwide. Mr Wong also sits on the boards of three of Surbana Jurong's member companies – SMEC, AETOS and Sino-Sun. He is the Chairman of Sino-Sun.

Mr Wong is a Board Member of the Building and Construction Authority (BCA), an agency under Singapore's Ministry of National Development that regulates Singapore's building and construction industry. He is an Adjunct Professor in the School of Mechanical & Aerospace Engineering at Singapore's Nanyang Technological University. He is also a member of the Corporate Advisory Board of the World Green Building Council.

Mr Wong has held many key leadership positions across a number of industries over the last 40 years. Before Surbana Jurong, he was with CapitaLand as the CEO of CapitaLand Residential Singapore Limited and CapitaLand GCC Holdings, and also the Country CEO in charge of developing CapitaLand's business in the Gulf Cooperation Council region. Mr Wong was the CEO of Capitala, a joint venture company between CapitaLand Singapore and Mubadala Development Company in United Arab Emirates.

Prior to that, from 2001 to 2006, Mr Wong was President & CEO of SembCorp Engineers and Constructors Pte Ltd (now known as Sembawang Engineers and Constructors) and was instrumental in advancing the company's engineering and construction business in South Asia.

Mr Wong joined Cathay Organisation in 1998 and helped realised the company's ambition of going public via a reverse takeover strategy through IMM Multi-Enterprise which was listed on SESDAQ. In 1999, he was appointed as President & CEO of Cathay Organisation Holdings.

Between 1996 and 1998, Mr Wong was Director (Infrastructure) of L&M Group Investments Ltd. During his tenure, he restructured the company by spearheading diversification into the infrastructure and property sectors.

Between 1991 and 1996, Mr Wong was at Singapore Technologies Industrial Corporation. There he pioneered the infrastructure development of the Bintan Industrial Estate and a 24,000-hectare international resort belt on Bintan Island, Indonesia. He was instrumental in developing and managing the Bintan Lagoon Resort, the first 400 room golf resort on the island.

Mr Wong was the President of the Real Estate Developers' Association of Singapore from 2011 to 2012. He served as a Senior Industry Officer with the Economic Development Board where his responsibilities included the promotion and development of investments in Singapore.

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 three (3) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2019.

Loi Heng Sewn
(60 years of age / Malaysian / Male)
– 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 Audit Committee, Remuneration Committee and Nomination Committee of the Board.

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.

As at 28 May 2020, he has direct shareholdings of 548,100 ordinary shares in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2019.

Cheong Marn Seng
(55 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 a 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 28 May 2020, he has direct shareholdings of 9,000 ordinary shares in the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2019.

Key Senior Management

Anthony Toh
(58 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 14 years and together has about 20 years of working experience in the stone business.

He does not hold any directorship in public 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 2019.

OVERVIEW OF BUSINESS AND OPERATIONS

AbleGroup Berhad is an investment holding company, with two (2) wholly owned subsidiaries, namely Syarikat Bukit Granite Sdn Bhd which is involved with the processing of high quality granite and marble for supply and installation to the domestic market, and Atlas Rhythm Sdn Bhd which is in the property development business.

OVERVIEW OF GROUP OBJECTIVES AND STRATEGIES

AbleGroup Berhad's primary objective is to create long term value for our stakeholders through our vision to be a leading player in the supply and installation of building materials in the local market and upon launching of the property development project aims to create a niche market in property development.

Heading our Management team is Dato' Lim Kim Huat, our Managing Director who has been in business for most of his career and had during his tenure as Deputy Executive Chairman in Sunrise Berhad successfully developed internationally acclaimed projects in Mont Kiara. He is supported by a dedicated team in both building material and property sectors.

Dato' Lim is inculcating his culture in the Group that the success of every business is very much dependent on ensuring that its deliverables are attained timely, successfully and quality expectations are consistently being met to the satisfactions of its customers. In this respect, Dato' Lim advocates for constructive and continuous operational excellence and financial improvements, supported by clarity of roles and responsibilities, accountability and incentive compensation programs at all levels of its workforce. In order to maintain its competitive edge, the processes within the Company are continuously being reviewed and enhanced as a means to improve on the quality of our work and end products, enhance productivity, efficiency and cost saving, indirectly improving on our market position in the business. In the challenging times, the Company has been cautious in its approach in the selection of its job orders, to minimise the Group's exposure to the heightened risk of payment default faced by many in the construction industry, with the objective of mitigating cash flows disruptions and improving credit collections.

Now with the emergence of the COVID-19 global pandemic, a crisis that has so far caused many businesses to cope with loss of revenue, the Group is also affected as there is delay in recognising the revenue budgeted for especially during the Movement Control Order ("MCO") due to stopped operations in response to the Government lockdown.

Nevertheless we will remain dedicated to our vision and be prepared for what the future might hold. We believe our strategies will continuously improve the fundamentals of the long-term growth for the Group and meet our objective of delivering value and returns to our stakeholders.

FINANCIAL PERFORMANCE REVIEW

SUMMARY OF 2019 RESULTS

In financial year ended 31 December 2019 ("FYE 2019"), AbleGroup Berhad recorded consolidated revenue of RM5.51 million, an increase of 39% from the revenue of RM3.96 million in the preceding financial year ended 31 December 2018 ("FYE 2018"). The higher revenue in FYE 2019 is contributed by the billing of works of the building material segment from the DBKL's Heritage Trail 5 and five (5) other projects in Klang Valley at the combined contract sum of RM3.45 million in addition to the newly secured projects such as Opero Hotel in Southkey Johor Bahru and Pusat Kawalan Trafik Udara in KLIA which have a combined contract value of RM0.91 million.

During the financial year under review, the Group's gross profit has shown a marginal increase of 2.47% to 21.27% from 18.80% recorded for FYE 2018 on the back of the improvement in project margin.

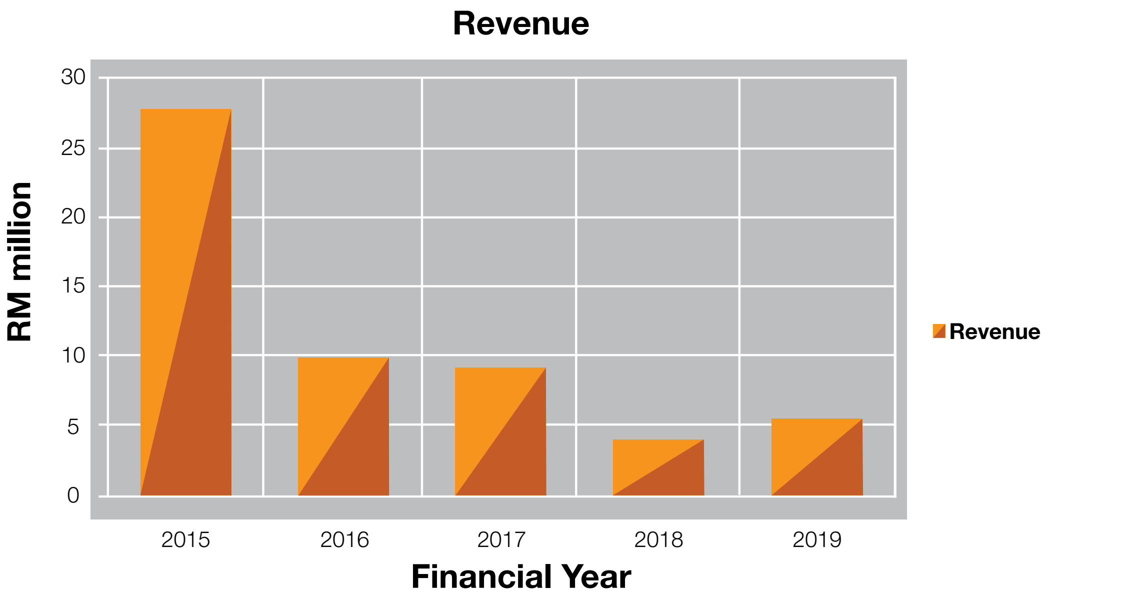
With the higher revenue and profit generated from operations in FYE 2019 to account for the Group's administrative expenses and corporate overheads, the Group recorded a lower net loss of RM0.68 million as compared to the net loss of RM0.99 million for FYE 2018.

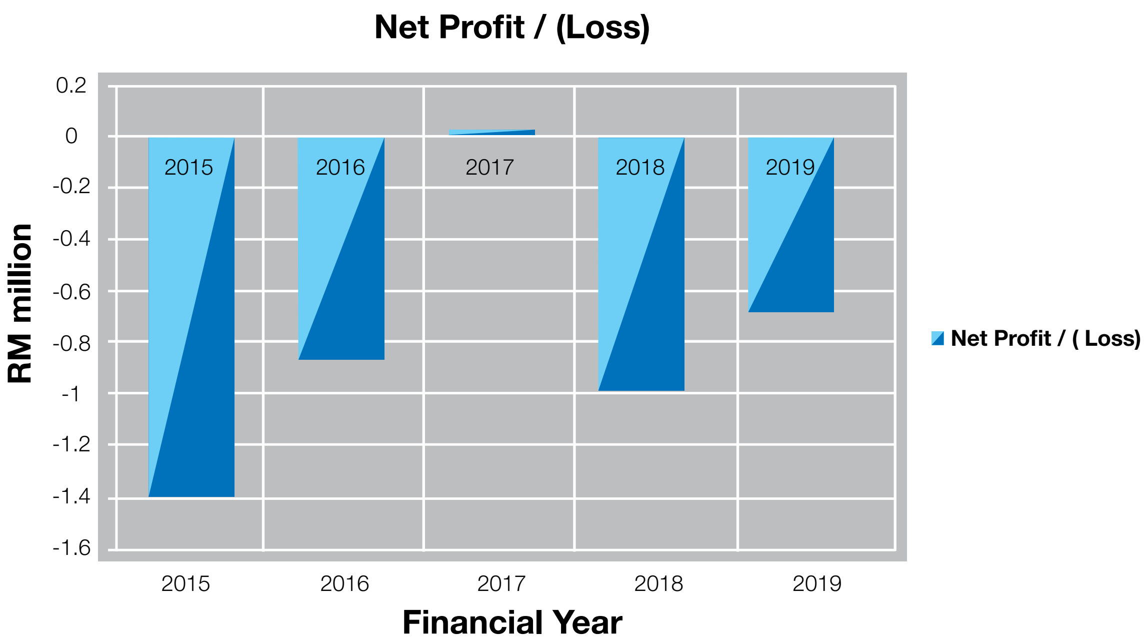
The prospect of the year ahead seems challenging given the COVID-19 pandemic. The Group will continue to pursue new jobs to replenish its order book in the building material segment whilst take cognitive measures to mitigate risk and exposure in its approach in the selection of its job orders. The Group will also continue to adopt a prudent approach by delaying the development of the land while other viable options in the best interest of the Group are being considered.

5-year Financial Highlights

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
FINANCIAL PERFORMANCE					
Revenue	5,506	3,957	9,063	9,894	27,726
Gross Profit	1,171	744	2,021	1,421	2,432
(Loss) / Profit after tax	(681)	(987)	3	(869)	(1,425)
(Loss) / Profit Attributable to Owners of the Company	**(681)**	**(987)**	**3**	**(870)**	**(1,427)**
FINANCIAL POSITION					
ASSETS					
Non-Current Assets	38,330	1,351	1,494	1,668	1,840
Current Assets	8,115	46,076	47,371	47,831	54,465
Total Assets	**46,445**	**47,427**	**48,865**	**49,499**	**56,305**
LIABILITIES AND SHAREHOLDERS' FUNDS					
Non-current Liabilities	443	-	4	28	51
Current Liabilities	1,839	2,583	3,030	3,643	9,556
Total Liabilities	**2,282**	**2,583**	**3,034**	**3,671**	**9,607**
Paid-Up Share Capital	39,585	39,585	39,585	39,585	39,585
Other Reserves	(409)	(409)	(409)	569	570
Retained Profits	4,987	5,668	6,655	5,674	6,543
Total Equity	**44,163**	**44,844**	**45,831**	**45,828**	**46,698**
Net Operating Cash Flows	**(401)**	**(850)**	**1,165**	**2,729**	**(1,255)**
SHARE INFORMATION					
Per ordinary share (Sen)					
Basic (Loss)/Earnings	(0.258)	(0.374)	0.001	(0.33)	(0.54)
Share price as at 31 December (RM)	0.07	0.08	0.13	0.09	0.12
FINANCIAL RATIOS					
Gross Margin (%)	21.27	18.80	22.30	14.36	8.77
Return on Net Assets (%)	(1.53)	(2.20)	0.01	(1.90)	(3.05)
Return on Shareholders' funds (%)	(1.53)	(2.18)	0.01	(1.88)	(3.01)
Current ratio (times)	4.41	17.84	15.63	13.13	5.70
Gearing ratio (times)	0.01	0.02	0.01	0.02	0.13

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





OPERATIONAL REVIEW

A) BUILDING MATERIAL SEGMENT

Syarikat Bukit Granite Sdn Bhd ("SBG") is principally engaged in the building material business encompasses the processing, trading, exporting and contract workmanship of high quality marble and granite slabs. SBG is the key driver to the Group's revenue.

Our core products comprise of a variety range of natural marble and granite. Recognising the customer's perception that quality and price are the predominant factors in deciding on a purchase, the Company embarks on a constant review to expand its range of granite and marble products through extensive sourcing efforts and fabricated in our sizing plant for better control on quality and continuity in supply. With a wider and varied range of products, it is hoped that we are able to offer customers more choice of selection. Secondly, we believe in delivering quality products through stringent QAQC measures being instituted at the different stages of processing to ensure compliance with QAQC standards. At the same time, we believe in operational cost efficiencies so that we are able to provide more competitive pricing for our customers.

In FYE 2019, SBG was focused on five (5) supply and installation of stoneworks projects including Quarza Residence and DBKL's Heritage Trail 5 in Klang Valley as well as the newly secured projects namely Opero Hotel in Southkey Johor Bahru and Pusat Kawalan Trafik Udara in KLIA. These projects have a combined contract value of RM5.12 million, and have progressed up to RM2.04 million in value of works in FYE 2019 with RM1.67 million in FYE 2018. The Company has also worked on related parties projects with value of works completed in FYE 2019 at the sum of RM2.99 million.

PROSPECTS OF THE MARBLE AND GRANITE SEGMENT

SBG's outstanding order book stood at RM2.57 million at the end of 2019. Our team had been striving hard in tendering for stoneworks contract in new projects. However, the pandemic arising from COVID-19, had adversely affected the construction sector, progress which was halted from the imposition of the Movement Control Order. Whilst some projects are now being allowed to restart subject to strict compliances to Standard Operating Procedures enforced by government regulatory authorities and agencies, the uptake is expected to be slow, compounded with the fact that all foreign workers in the construction sector are subject to COVID-19 tests before being allowed to work.

Despite the challenges from the depressed construction sector, SBG remains confident to secure stable revenue in 2020 from its existing contracts, supported by expected new contracts from related parties and actively pursuing new contracts in particular, with repeat customers.

SBG is considering embarking on e-commerce as a marketing platform to broaden its customers base. Amongst others, we are in the process of redesigning SBG's own website, with the purpose to create greater awareness on the Company, inculcate corporate identity and branding for its varied range of products. In addition, we are subscribing to popular online shopping platforms to promote and distribute our proposed new line of elegantly and customised crafted stoneworks products to cater for the mid to high range market segments.

OPERATIONAL REVIEW (CONT'D)

B) PROPERTY DEVELOPMENT SEGMENT

Atlas Rhythm Sdn Bhd is our wholly-owned property development subsidiary with land bank comprising 1.214 hectares freehold land for property development. The land was purchased through internal generated funds.

PROSPECTS OF THE PROPERTY DEVELOPMENT SEGMENT

Property developers did not witness great improvement in the property market in 2019 from 2018 as it continued to be affected by slower economic growth, affordability issues and high levels of unsold inventories. Whilst the Malaysian government introduced various initiatives such as the Home Ownership Campaign, the recovery speed in terms of property sales remained weak and the market continued to take a 'wait and see' approach especially on mid to high range properties for condominiums and apartments.

Moving forward into 2020, the property market is expected to remain challenging amid the ongoing COVID-19 outbreak. While the short-term effect is immediately reflected in the drop of sales demand, the long-term impact of the COVID-19 outbreak is more profound, as it will affect consumers' lifestyle leading to the transformation of how they work, shop and live thereby changing the associated real estate requirements.

In this respect, the Company will closely monitor the market conditions as well as the surrounding developments in moving forward with the development of our land. Currently, the Company is enhancing and refining the development concepts and layouts of the project for better take up upon launching while considering other viable options in the best interest of the Group.

FUTURE PROSPECTS

The economic outlook for 2020 is expected to remain challenging amid the ongoing COVID-19 outbreak. The Government had implemented Movement Control Order to curb further escalation of the number of cases. Although the full impact of the outbreak has not been ascertained, it is predicted to dampen the economy in all related sectors including property, construction, industrial products and services, manufacturing, retail as well as a disruption in the supply chain of raw materials.

The future outlook for the construction sector remains challenging, given the uncertainties that lies ahead as there are still no vaccine/cure for COVID-19. We shall tread cautiously, as ongoing projects are expected to be limited against a backdrop of stiff competition where price shall become a critical determining factor. This has to be balanced with careful and prudent cashflow management to ensure the sustainability of the business to ride through these turbulent times.

On a positive note, the Company has embraced change to adapt to the New Norm and had contrived new ways to drive business growth, our focus shall be to pursue aggressively e-commerce as a platform to penetrate the online business market to spur future market growth for its proposed new line of products, both locally and abroad. We also expect to win bids for new projects in 2020 with positive contribution to the Group given our track record of specialising in delivering quality stone works to numerous prestigious projects both locally and abroad.

For the property development segment, we will continue to adopt a prudent approach by delaying the development of the land while other viable options in the best interest of the Group are being considered.

The Group will continuously monitor and realign its business plans to weather the challenging business environment for 2020 and strive to achieve positive results. The Group will continue to pursue cost optimisation activities within the Group to drive operational efficiency and focus on growing its brand name through enhanced workmanship quality, strategic new project launches, and development of our core competencies.

Sustainability Report

Sustainability at AbleGroup Berhad

The Board of Directors ("Board") is pleased to present the Sustainability Statement that covers an overview of activities carried out by the Group during the financial year ended 31 December 2019. This report presents information related to sustainability with regards to the economic, environmental and social ("EES") aspects of the Group's business operations.

The Group continuously strives to identify new initiatives to improve our performance by embedding sustainability throughout our value-chain. We are committed towards engagement with stakeholders to better understand and meet their expectations.

This statement is prepared in accordance with Part III Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") and guided by the Bursa Malaysia Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

Sustainability Management

The Board is ultimately responsible for the Group's sustainability matters and places importance on sustainability being integrated with the operations of the Group. The Board is supported by the Managing Director and Chief Operating Officer, who oversee and implement the Group's sustainability initiatives and strategies.

Stakeholder Engagement

The Group recognises the importance of understanding and addressing stakeholder's concerns and issues for business sustainability. It aims for stakeholders' engagements to be a continuous dialogue.

From time to time, the Group engages with the following groups of stakeholders through meetings, reviews, discussions, calls and focus groups to better identify and understand any sustainability expectations these stakeholders may have:

- Employees
- Directors
- Investors and shareholders
- Customers
- Suppliers (including contractors)
- Senior Management
- Government and regulators

Stakeholder Engagement (cont'd)

Tabled below is a summary of their identified areas of interest and our response to these interests:

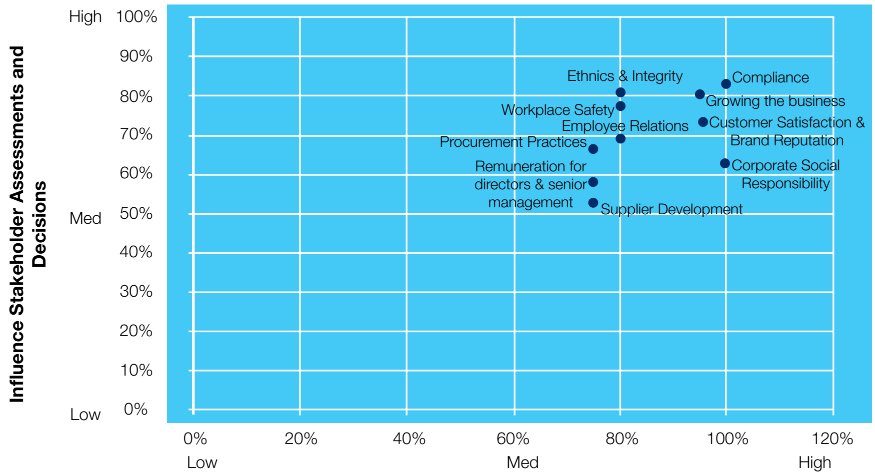
Stakeholder Group	Key Areas of Interest	Methods of Engagement
Employees	• Corporate directions and growth plans • Job security • Remuneration and benefits • Workplace health and safety • Labour and human rights	• Management meetings • Circulation of Internal Policies • Annual performance evaluation sessions • Code of Conduct and Ethics
Directors	• Continuous business and operational improvement • Financial risk and company • compliance to laws and regulations • Financial results • Interest of stakeholders and sharehold-ers • Environmental matters	• Quarterly and ad-hoc Board and Board Committee meetings • Code of Conduct and Ethics
Investors and Shareholders	• Continuous business growth • Financial returns for property project	• Annual General Meeting • Quarterly announcements
Customers	• Competitive pricing • Quality and workmanship assurance • Innovative design and features • Product safety and reliability • Defects rectification • Customer service and experience	• Customer feedbacks • Face to face meetings
Suppliers/Contractors	• Payment schedule • Fair tender practices • Competitive prices • Business continuity and supply • commitment • Quality materials and services	• Email communications • Ad-hoc tender exercises and meetings • Supplier briefings • Contract negotiation
Senior Management	• Ensure safe and humane work • environment • Ensure customer requirements are met, including security of customer data • Management of the supply chain • Ensure talent retention by providing competitive compensation and benefit packages for employees, and ensuring human rights of all employees are respected	• Management meetings • Ad-hoc meetings • Code of Conduct and Ethics
Government & Regulators	• Regulatory disclosure • Accountability • Adherence to relevant laws and • regulations • Corporate governance and • compliances	• Quarterly announcements • Compliance with government legislative framework

Managing Sustainability on Matters that are Material

A material assessment is needed to identify which EES risks and opportunities are most important to both our business operations and stakeholders. The assessment helps prioritise the wide-ranging sustainability matters of the organisation and refines the focus to those matters that are most relevant. We build on the ten (10) sustainability matters that remain unchanged in 2019 by reassessing the weightage to the stakeholders.

The materiality matrix below demonstrates the priorities of our material matters whereby high priority are located towards the top most right corner as they are highly significant to both our stakeholders and our business operations.

Materiality Matrix for AbleGroup Berhad



Significance of Group's Economic, Enviromental and Social Impacts

Building Economic Sustainability: Corporate Governance & Compliance

The Board recognises that sound governance structure is essential to ensure transparency and accountability throughout the business operations for long-term sustainable growth of the Group. Good corporate governance is vital as it provides a foundation for the instilling of ethical behaviour within the Group.

The adopted Board Charter sets out the respective roles and responsibilities of the Board, Board Committees, individual directors and the management. It outlines inter-alia the processes and procedures for the Board and its committee in discharging their stewardship effectively and efficiently. The Board Charter is available on the Company's website www.ablegroup.com.my.

The Board, together with the Management team, led by Managing Director and Chief Operating Officer, are fully committed to ensuring that the Group practices the highest standard of corporate governance and transparency in line with the principles and recommendations of the Malaysian Code on Corporate Governance to achieve the Group's objective and enhance shareholders' value.

Maintaining a Sustainable Environment Aspect

A) Resource Use (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:

i. Reduce usage of paper via email communications and projector
ii. Print double sided
iii. Reuse recycled paper
iv. Unused papers, recycled papers and boxes are sent for recycling.

Maintaining a Sustainable Environment Aspect (cont'd)

B) Recycling wooden crates

It is normal in the stone industry, to use wooden crates for packing of its granite and marble panels for delivery to the site. These wooden crates are extensively being used during the importation of the material from overseas suppliers and subsequently deliveries to the site locally.

As a concerted effort, the Company is committed and engaged in recycling these wooden crates that are still durable for subsequent reuse. Such efforts besides cost savings, will evidently reduce our consumption of the timber that is procured to make the wooden crates.

C) Earth Hour 2019

The Group took part in the Earth Hour 2019 which was held on 30 March 2019, from 8.30pm by encouraging its staff to switch off non-essential lights for one hour and registering with the relevant official website such as 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 protecting the planet with the impacts of climate change are already around us.

30 MARCH 2019, 8.30PM

EARTH HOUR

We Need You, Every Action Count

Earth Hour comes at a critical juncture in the history of the planet and humanity. From devastating wildfires to unprecedented hurricanes, the negative impacts of accelerating climate change exact a terrible economic and human troll. By going dark for Earth Hour, we can show steadfast commitment to protecting our families, our communities and our planet from the dangerous effects of a warming world.

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 30 March 2019.

Providing a Healthy and Safe Workplace

The Group places great importance on health and safety to ensure the well-being of our employees and customers and the continuity of our business operations. We give top priority to worker safety by promoting various health and safety practices at the workplace. Fire drills, fire marshal training and safety awareness briefings are in place made available to all staff including newcomers during operation process. We have also regularly assessed health and safety at the workplace, discuss mitigation plans for safe working conditions, besides conducting awareness and training programs for workers.

Promoting Social Sustainability: Employee Welfare

The Group treats employees as critical stakeholders and recognises that commitment to the welfare of employees is fundamental to its long-term success as it contributes to better employee morale and motivation thus improving productivity and performance as well as saving replacement costs.

Get together occasions such as lunches and dinners held for employees to foster positive relationships amongst one another.

The Board of AbleGroup Berhad (the “Company”) recognises the importance of adopting good corporate governance practise and is fully committed to ensuring that the Company and its subsidiaries (the “Group”) practices the highest standard of corporate governance and transparency in line with the principles and recommendations of the Malaysian Code on Corporate Governance (the “Code”) to achieve the Group’s objective and enhance shareholders’ value.

The Board is pleased to report the Company’s application of the principles and practices of the Code during the financial year ended 31 December 2019 (“FYE 2019”).

This Statement should be read together with the Corporate Governance Report 2019 of the Company which is available on the Company’s website at www.ablegroup.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITY

Clear functions of the Board and Management

The role of the Board includes to lead and oversee the Group’s business operations and performance and ensure that the Group’s objectives are met and shareholders value are maximised.

The Group continues to be led by an 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 ensure balance of power and authority, clear division of responsibilities and accountability. The responsibility of the Chairman is primarily to ensure that the conduct and function of the Board is in an orderly and effective manner and that appropriate procedures are in place whilst the Managing Director ensures that the daily business operations are properly managed and there are effective implementation of the policies and procedures adopted by the Board. The Managing Director lead a team of senior personnel who is responsible for the execution of business plans and strategies, policies and decisions approved by the Board and communicating the progress to the Board from time to time. The responsibilities and authorities of senior management team are clearly defined.

Clear Roles and Responsibilities

There are five (5) members on the Board of Directors, comprising the Managing Director and four (4) Independent Non-Executive Directors, including the Chairman of the Board.

The presence of Independent Directors that make up more than half of the Board are vital in providing unbiased and independent opinion and judgement in board deliberations. The Independent Directors act independently of Management and are not engaged in the day to day operations of the Group.

The main duties and responsibilities of the Board comprise the following:-

- Setting the objectives, goals and strategic plan for the Group;
- Adopting and monitoring the progress of the Group’s strategy, budgets, plans and policies;
- Overseeing the conduct of the Group’s business and evaluating whether the business is being properly managed to sustain the value for shareholders;
- Considering and approving reserved matters covering corporate policies, material investment and acquisition/ disposal of assets;
- Promoting better investor relations and shareholders’ 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 applicable accounting standards.

The Board has delegated specific responsibilities to the Board Committees namely the Audit Committee, Remuneration Committee (“RC”) and Nomination Committee (“NC”), each with defined terms of reference and responsibilities which are available at the Company’s website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITY (CONTINUED)

Clear Roles and Responsibilities (Continued)

The Board receives reports and minutes of the Committees' proceedings and deliberations at their respective meetings. Where these Committees have no authority to make decisions on matters reserved for the Board, recommendations would be presented to the Board for approval. The Chairman of the Committees report the outcome of their meetings to the Board and relevant decisions are recorded in the minutes of the Board of Directors' meetings accordingly. The oversight functions and activities undertaken by these Board Committees are elaborated in their respective report set out in this Annual Report.

The Board is satisfied with its current composition with balanced mix of skills, knowledge and experience in the business and management fields which are essential to enable the Board to carry out its responsibilities in an effective and efficient manner.

Qualified and Competent Company Secretary

The Board is supported by two (2) experienced Company Secretaries who are the members of the prescribed professional body and are qualified pursuant to the requirements of the Companies Act 2016. The Board has full and unrestricted access to the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary plays an advisory role guiding and keeping the Board abreast of statutory and regulatory requirements, corporate governance practices and other relevant rules or guidelines applicable to the Group from time to time.

The Company Secretary is also responsible for advising the Directors of their statutory responsibilities and obligations including duties to disclose interest in securities, any conflict of interest and prohibition on dealings in securities, amongst others.

The Company Secretary organises and attends all Board and Board Committees' meetings and ensures the meetings are properly convened as well as proper record of the proceedings and/or resolutions passed are maintained accordingly. The appointment and removal of Company Secretary shall be the decision of the Board.

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.

The Board receives management reports, including comprehensive review and analysis of the Group's performance and operations. Board agenda together with the relevant documents and information are compiled and distributed to the 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 key management personnel will brief and provide explanation of pertinent issues and/or recommendations of the Management on the proposal tabled. Matters requiring the Board's review and approval will be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of the Board meetings are recorded and signed by the Chairman at the following Board meeting of the Company. Decision made and policies approved by the Board will appropriately be communicated to the Management team for execution after the meeting.

Where necessary, member of the Management team will be invited to attend Board/Board Committees' meetings to report and/or update the Directors on specific areas of the business within their responsibility to enable Board members to seek further details or clarifications on the matter. Directors are encouraged to share their views and insights in the course of deliberation and to participate in discussions.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITY (CONTINUED)

Access to Information and Professional Advice (Continued)

The Board members are updated on the Company's activities and its operations on periodic and/or quarterly basis. In order to facilitate the Directors' effective time planning, the annual meeting calendar setting out the scheduled dates for the meetings of the Board and Board Committees is prepared and circulated in advance by the Company Secretary to enable the Directors to plan effectively. All Directors and Principal Officers of the Group are 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.

All Directors have access to the advice and services of the Company Secretary on matters relating to procedures regulating the Group and necessary compliance by the Group. 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 adopted a Board Charter which sets out the principles governing the Board and outlines the Board and Board Committees' roles and functions, Board processes, amongst others. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members. The Board Charter is accessible at the Company's website.

The Board Charter is reviewed and updated periodically in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and responsibilities as well as relevant regulations and guidelines.

Code of Conduct and Ethics

The Group has in place a Code of Conduct and Ethics 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 and Ethics is based on the core principles of integrity, transparency, fairness, accountability and contributing towards the social and environmental growth of the surroundings in which it operates. The Code of Conduct and Ethics 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.

The Code of Conduct and Ethics also sets standards for the employees within the Group to promote professionalism and improve competency of Management and employees at all times. The Group is committed to providing safe and healthy work environment to all employees. Adequate safety protection is provided 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 on the Company's website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION

The current composition of the Board that comprised of the Managing Director and four (4) Independent Non-Executive Directors fulfils the requirements of paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires one-third (1/3) of the Board Members of the Company to be independent directors. The Board composition also fulfils Practice 4.1 of the Code that provides at least half of the Board to be Independent Directors.

The four (4) Independent Non-Executive Directors bring their independent and objective view and judgement to Board deliberation and decision-making process, mitigate 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, diverse perspective and insights, skills and knowledge required to oversee the Group business activities, but also the importance of independence in decision-making at the Board level.

The Board is responsible to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation of the NC. The NC has been tasked to review the recruitment and selection process of new director and will consider the required mix of skills, experience, other qualities and diversity, including gender, amongst other attributes needed to ensure an effective Board in the review and selection of potential Board member. In the case of candidates for the position of Independent Non-Executive Directors, the NC and Board shall also evaluate the candidates' ability to discharge responsibilities/functions as expected from an Independent Non-Executive Director.

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting ("AGM"). A retiring Director shall be eligible for re-election. The Constitution also provides that any new or additional Director appointed by the Board during the year shall hold office until the next AGM convened after his appointment and shall then be eligible for re-election.

The NC is tasked to review and determine the Directors retiring and subject to re-election at the AGM in accordance with the provisions of the Constitution of the Company. All retiring Directors, being eligible, have offered themselves for re-election at the 2019 AGM of the Company.

Boardroom and Workplace Diversity

The Board is committed to provide a fair and equal opportunities and nurturing diversity in the boardroom and workplace. The Board believes that while it is important to promote gender diversity, it is of the view that Board membership should be determined based on a candidate's skills, experience, and knowledge in areas identified by the Board. The Board will take opportunities and endeavours that suitably qualified women candidates will be sought and included in the pool of candidates for evaluation in respect of new appointments to the Board.

Annual Assessment of Board effectiveness and Independence

The Board, through the NC and facilitated by the Company Secretary, has carried out annual assessment on the effectiveness of the Board and Board Committees.

The NC also assesses the independence of the Independent Non-Executive Directors annually based on the established criteria to ensure that the Independent Non-Executive Directors continue to provide unbiased, objective and independent views and judgement in Board deliberations.

The assessment criteria for independence shall not limit to the length of service of the Independent Non-Executive Directors. Particular emphasis is placed on the role of Independent Non-Executive Directors to facilitate independent and objective review and decisions making of the Group, free from undue influence and bias.

The Board and NC concluded that all the Independent Non-Executive Directors continue 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

Tenure of Independent Non-Executive Directors

The Code provides that the tenure of an independent non-executive director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) 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 (9) years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth (12th) year, the board should seek annual shareholders' approval through a two-tier voting process.

The NC and the Board have assessed the independence of the Independent Directors of the Company 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 demonstrated competence in advising and overseeing the management of the Group.

The NC and the Board have assessed the independence of Mr. Cheong Marn Seng, who has served for a cumulative period of more than twelve (12) years, considers him to continue remain independent, unbiased and objective in expressing his opinions and in participating in the decision making of the Board. Mr Cheong 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 interfere with his exercise of balance and objective view to Board deliberations. Furthermore, his experience and knowledge of the Group's businesses and operations enables him to contribute effectively to the Board.

Therefore, the Board has recommended to the shareholders for approval the retention of Mr. Cheong Marn Seng as Independent Director of the Company at the 2019 AGM of the Company.

Fostering Commitment

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

The Board Charter provides that all Directors should notify the Chairman before accepting any new directorship.

Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) board meetings held during the financial year ended 31 December 2019 and the attendance record is as follows:-

Directors	No. of Board Meetings attended
Yeoh Chong Keat	4/5
Wong Heang Fine	3/5
Dato' Lim Kim Huat	5/5
Loi Heng Sewn	5/5
Cheong Marn Seng	5/5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

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 training programmes to updates and enhance their skills and knowledge and to keep abreast with development in regulatory and corporate governance issues.

The training programmes attended by the Director during the financial year ended 31 December 2019 are summarised as follows:-

Date of Training	Subject
6 May 2019	An Invitation: Launch of the Securities Commission Malaysia's Corporate Governance Monitor 2019 by Tuan Lim Guan Eng
5 & 6 August 2019	National Tax Conference 2018
15 October 2019	*Seminar Percukaian Kebangsaan 2018*
17 October 2019	Evaluating Effective Internal Audit Function-Audit Committee's Guide on How To…

During the financial year, all the Directors have been continuously updated by the Company Secretary on changes to corporate governance developments, 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.

The Board is 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 RC's primary responsibility is to review and recommend to the Board the remuneration package of the Executive and Non-Executive 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/or individual performance. In the case of Non-Executive Directors, the level of remuneration should be appropriate to the level of responsibilities undertaken by the Non-Executive Directors concerned, taking into account factors such as effort and time spent and responsibilities of the Directors including their appointment in the Board Committees.

The Group also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. In compliance with the Companies Act 2016, the Board shall recommend the payment of Directors' fees and allowances of the Non-Executive Directors for approval by the shareholders at the AGM of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. REMUNERATION (CONTINUED)

Directors' Remuneration (Continued)

Details of Directors' remuneration for the financial year ended 31 December 2019 are set out below:-

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

Total remuneration of the only Key Senior Management that consists of salary, bonus, benefits in-kind and other emoluments, analysed into bands of RM50,000, for the financial year ended 31 December 2019 ranges between RM250,001 to RM300,000.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Audit Committee of the Board comprises four (4) members, all of whom are Independent Non-Executive Directors. The Chairman of the AC, Mr. Cheong Marn Seng is a member of the Malaysian Institute of Accountants.

The AC has established a transparent and professional relationship with the External Auditors, Messrs Baker Tilly Monteiro Heng PLT ("BTMH"). The AC met the External Auditors twice during the year under review on 21 February 2019 and 4 April 2019 without the presence of the Executive Director and Management to facilitate the exchange of independent views on matters which require the AC's attention, to review the scope and adequacy of the audit process, the annual financial statements and their audit findings.

On annual basis, the AC shall carry out evaluation of the External Auditors which shall encompass assessment of the qualifications and performance of the Auditor; the independence, objectivity, and professional scepticism; and the quality and candour of the External Auditors' communications with the AC and the Company.

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 criteria set out by the International Federation of Accountant's Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice) during the AC meeting. A written confirmation from BTMH on their compliance to the requirements for independence is obtained and presented to the AC through the Audit Planning Memorandum.

The AC has in the adopted External Auditors Policy provided that the key audit partners shall not be nominated for appointment as a Director of the Company or any of its related corporations within two (2) years of undertaking any role on the audit or the audit firm ceasing to be the external auditors.

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 and had recommended to the Board for approval the proposed re-appointment of the External Auditors at the 2019 AGM of the Company.

A summary of the activities of the AC during the year under review is set out in the AC Report on pages 26 to 28 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Risk Management and Internal Control

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system to safeguard the interest of shareholders 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 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 through the AC 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.

The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help to minimise and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguard against material loss and unauthorised use and the financial statements are not materially misstated.

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 review and provide independent and objective review on the organisation's management, records, accounting policies and control, management of risks and processes as well as systems of internal control, and report to the AC. The internal auditors evaluate and improve the effectiveness of risk management and the control processes where significant risks are identified, assessed and managed.

The Internal Auditors present and report to the AC internal audit reports on their findings and recommendations with respect to identified control weaknesses and Management responses to the recommendations. Follow up reviews will be conducted to ensure that the necessary corrective actions and/or improvement procedures have been implemented by Management to address the audit observations highlighted. 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 Statement on Risk Management and Internal Control set out on pages 32 to 34 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

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

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 released by the Group including the interim financial report on quarterly basis, annual report and financial statements, disclosures to the Bursa Malaysia Securities Berhad and other Group activities are made.

In addition to its published annual report and quarterly reports announced to Bursa Malaysia Securities Berhad, the Group has established a website at www.ablegroup.com.my from which shareholders can assess for information.

Members of the Board including the Chairman of the Board and Board Committees attend the general meetings to engage with and address shareholders' queries on the business and performance of the Group at these meetings.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

Annual General Meeting ("AGM")

The notice convening the 2019 AGM of the Company was sent to the shareholders at least twenty-one days' before the AGM in accordance with the provisions of the Listing Requirements of Bursa Securities and the Company's Constitution. The notice convening the 2019 AGM was advertised in the newspaper giving shareholders sufficient time to prepare and/or to appoint proxy to attend and vote for their behalf.

The AGM of the Company represents the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders at the general meetings to seek clarifications on the Group's operations and business and to have direct interaction with the Management and Board for exchange of views are 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 introducing electronic voting and leverage on technology to facilitate greater shareholders' participation in the general meetings of the Company at appropriate time.

This statement is made in accordance with the resolution passed by the Board of Directors on 5 June 2020.

The rest of this page has been intentionally left blank

Report of the Audit Committee

1. COMPOSITION OF AUDIT COMMITTEE

Directors	Designation
Cheong Marn Seng (Chairman)	Independent Non-Executive Director
Yeoh Chong Keat	Independent Non-Executive Director
Wong Heang Fine	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available at www.ablegroup.com.my.

3. MEETINGS AND ATTENDANCE

Five (5) meetings were held during the financial year ended 31 December 2019 ("FYE 2019") and the details of attendance are as follows:-

Directors	Designation	Attendance
Cheong Marn Seng	Independent Non-Executive Director	5/5
Yeoh Chong Keat	Independent Non-Executive Director	4/5
Wong Heang Fine	Independent Non-Executive Director	3/5
Loi Heng Sewn	Independent Non-Executive Director	5/5

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:

I. Financial reporting

(a) Reviewed the unaudited quarterly financial results and audited financial statements of the Group and the Company to ensure compliance with approved accounting standards and adherence to other regulatory requirements before recommending to the Board for approval and release to Bursa Malaysia Securities Berhad. The review also focuses on significant and unusual events, major judgmental areas, and performance and prospects commentary.

(b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018 of the Company.

II. External audit

(c) Reviewed with the External Auditors their audit plan for the FYE 2019 to ensure that their scope of work adequately covers the activities of the Group.

(d) Reviewed with the External Auditors the results and issues arising from their audit of the Group and their resolution of such issues as highlighted in their report, and discussed with the External Auditors without the presence of the management to discuss matters relating to the audit and the assistance provided by the management.

(e) Evaluated the performance of the External Auditors and assessed their independence and suitability before recommending to the Board their reappointment and remuneration.

4. SUMMARY OF ACTIVITIES (CONTINUED)

III. Internal audit

(f) Reviewed with the Internal Auditors their audit plan for the year to ensure that major risk areas were adequately identified adequately covered in the plan.

(g) Reviewed the reports of the Internal Auditors on their findings, recommendations, management's response, and actions taken on those recommendations. Where appropriate, directed the management to rectify and further improve control procedures, workflow processes and documentations based on the findings of the Internal Auditors.

IV. Related party transactions

(h) Reviewed on a quarterly basis any related part transactions ("RPTs") and/or recurrent RPT ("RRPT") entered into by the Group to ensure that the RRPTs had been undertaken on the Group's normal commercial terms and that the internal guidelines and review procedures for RRPTs had been adhered to.

(i) Reviewed the report of the Internal Auditors on compliance with approvals as outlined under the internal guidelines and review procedures for RRPTs.

5. REVIEW OF AUDIT COMMITTEE

In accordance with the Listing Requirements of Bursa Securities, an annual review and assessment on the terms of office and performance of the Audit Committee was undertaken by the Nomination Committee for the FYE 2019.

The assessment covers amongst others, main roles 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 judgements.

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

The Audit Committee is supported by the outsourced Internal Auditors, Messrs Sterling Business Alignment Consulting Sdn Bhd in the oversight of the internal audit function of the Group. The Internal Auditors provide an independent and objective feedback to the Audit Committee and 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 and recommendations of corrective actions together with management's responses in relation thereto. Follow up reviews will be performed on the status of implementation of recommendations/corrective actions by the management for reporting to the Audit Committee.

The Audit Committee ensures that the Internal Auditors have the necessary resources and are given full access to all documents and information relating to the Group's governance, financial statements and operational reports to enable them to fulfill their responsibilities, besides having direct access to the Audit Committee.

The Internal Auditors undertake internal audit functions based on the audit plan approved by the Audit Committee upon consultation with the Executive Director and Chief Operating Officer of the Company's main operating subsidiary. The audit plan was drawn up based on the level of business activities of the Group and covers the review of the adequacy of the Group's operational control, risk management, compliance with established policies and procedures, laws and regulations.

6. INTERNAL AUDIT FUNCTION (CONTINUED)

The Internal Auditors had during the FYE 2019 carried out reviews on the internal guidelines and review procedures for RRPTs of the Group as well as the inventory management of the Company's main operating subsidiary. It was reported that the required policies, procedures and controls for RRPTs were in place and the terms of the RRPTs were fair, reasonable and on normal commercial terms, not more favourable to the related parties than those generally available to the public, not detrimental to the minority shareholders and were in the best interest of the Company and the Group. From its review of the inventory management function, the Internal Auditors reported that the relevant procedural controls were generally in place to safeguard the Group's assets.

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

The costs incurred for the internal audit function in respect of FYE 2019 was RM20,000.

The rest of this page has been intentionally left blank

Report of the Remuneration Committee

1. COMPOSITION OF REMUNERATION COMMITTEE

Directors	Designation
Yeoh Chong Keat (Chairman)	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Remuneration Committee is available at www.ablegroup.com.my.

3. MEETINGS AND ATTENDANCE

The Remuneration Committee met once during the financial year ended 31 December 2019 with full attendance of its members.

4. ACTIVITIES OF THE REMUNERATION COMMITTEE

During the financial year, the Remuneration Committee reviewed the remuneration packages of the Managing Director of the Company and for the Non-Executive Directors, the Directors' fees and meeting allowance and after considering the current level of business activities of the Group, agreed to maintain the existing salary of the Managing Director and Directors' Fees of the Non-Executive Directors for FYE 2019. The Remuneration Committee would review the same next year or earlier if deemed necessary.

Consistent with the adopted remuneration policy that inter-alia provides the principles and guidelines for remuneration offered to the members of the Board including the Executive and Non-Executive Directors of the Company, the Remuneration Committee ensures that remuneration of the Executive Director and Senior Management is linked to the financial performance which are aligned to the Company's business objectives. The remuneration of Non-Executive Directors should be appropriate having regard to their memberships in Board Committees, contributions to the Company, taking into account factors such as effort and time spent, and responsibilities of the Directors and Board.

The individual Director concerned would abstain from discussion of his own remuneration as appropriate.

The Remuneration Committee reviewed its Terms of Reference at least once annually to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

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

Report of the Nomination Committee

1. COMPOSITION OF NOMINATION COMMITTEE

Directors	Designation
Wong Heang Fine (Chairman)	Independent Non-Executive Director
Cheong Marn Seng	Independent Non-Executive Director
Loi Heng Sewn	Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the Nomination Committee is available at www.ablegroup.com.my.

3. ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year, the Nomination Committee reviewed the size and composition of the Board, assessed the effectiveness and performance of the Board of Directors and Board Committees as well as their respective functions, focusing on the structure of the Board and its operations, Board's roles and responsibilities', Board Committees' and Board Chairman's roles and responsibilities.

The annual assessment and evaluation was carried out by the Nomination Committee facilitated by the Company Secretary through questionnaires which were duly completed by all Directors prior to the meeting. The Nomination Committee, upon reviewed, was satisfied that the performance of the current Board, with appropriate size and required mix of skills, knowledge and core competencies, were adequate to enable the Board to discharge its duties and responsibilities effectively.

The Nomination Committee also reviewed the attendance records of Directors at Board and Board Committees' meetings; and noted that all the Board Committees were assessed to be effective as a whole in discharging their roles and responsibilities. The Nomination Committee would accordingly provide its recommendation to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly recorded and documented.

The performance of the Company Secretary was also reviewed and it was concurred and recorded that the Board is satisfied with the duties and functions performed by the Company Secretary.

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

The Nomination Committee assisted the Board in the annual assessment of independence of the Independent Directors of the Company including the tenure of service and based on the self-assessment checklist duly completed and declared 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 that each of them continues to fulfil the prescribed definition and established criteria of independence and their ability to act in the best interest of the Company and/or the Group. The Nomination Committee and the Board are 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 independently.

The individual Director concerned would abstain from deliberation of his own independence.

In the discharge of its oversight function, the Nomination Committee 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 prescribed assessment checklist. The Nomination Committee was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.

3. ACTIVITIES OF THE NOMINATION COMMITTEE (CONTINUED)

The Nomination Committee also reviewed and discussed the training needs of the Directors and training program available to Directors to equip themselves with relevant knowledge and keep abreast of latest regulatory developments to effectively discharge their duties.

The Nomination Committee reviewed its Terms of Reference at least once annually to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

The Board is satisfied that the Nomination Committee is able to discharge its duties and responsibilities effectively. The minutes of the Nomination Committee meetings 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.

The rest of this page has been intentionally left blank

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Board of AbleGroup Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2019, which has been prepared pursuant to paragraph 15.26(b) of the Listing Requirements of 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 the 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 of the Company that the Group'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. Recognising 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 the 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.

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 AC and the Board.

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 of the Company 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 with the responsibility of identifying, evaluating and managing the risks of their department on an on-going basis. Significant risks identified and the corresponding internal control processes implemented are reviewed and 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 of conducting regular reviews on the Group's operational processes in accordance with approved audit plan. The internal audit reports on the findings and recommendations with respect to identified control weaknesses and the management's responses to the recommendations are reported to the AC. Subsequent follow up reviews are carried out to ensure that the agreed action plans have been implemented.

4. INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors monitor compliances with the established policies and procedures and assess the effectiveness of the internal control system. Any significant findings on non-compliances and weaknesses will be highlighted in the audit report. The internal audit function adopts risk-based approach in that the preparation of the audit plan is based on key risk areas identified.

The Internal Auditors carried out reviews according to an annual audit plan approved by the AC and the Board. Additional 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 the 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 a significant impact on the 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 at the scheduled meetings of the AC. Senior management is responsible for ensuring that corrective actions are taken within the stipulated timeframe on the reported weaknesses. There were no significant control weaknesses identified during the financial year ended 31 December 2019. The Internal Auditors worked closely and engage with the management team on audit issues noted during the audit meetings. Respective Head of Department was called to explain to the management team and develop action plans with the relevant timeline to rectify issues noted. Subsequent follow-up audits were conducted to ensure that corrective measures had been taken to address the identified weaknesses.

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

- There is a well-defined organisation chart with clear lines of accountability, including delegation of authority that sets out decisions that need to be taken and the appropriate authority levels and matters that require the Board's approval.
- The AC reviews quarterly the financial reports and internal audit reports at the scheduled meetings and discuss with the management on internal control matters or appropriate corrective actions that are required to be taken to address internal control weaknesses identified.
- All the AC members are Independent Non-Executive Directors which further strengthen and provide independent objective judgement and opinion on internal control matters of the Group.
- The Managing Director and senior management personnel with the support teams are dedicated and closely involved in the running of the business and operations of the Group. Any significant changes in business or external environment which may affect the operations of the Group at large are reported by the Managing Director to the Board accordingly.
- There is in place a timely and effective internal reporting involving the advice and services of qualified professionals such as the Internal Auditors and the Company Secretary.

5. OTHER KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM (CONTINUED)

- There are regular operational meetings held among senior management personnel to discuss and review the business plans, budgets, financial and 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 job tenders and projects being pursued and also the status of the on-going projects during weekly operational meetings and quarterly meetings of the Board.

- The Credit Control Committee is chaired by the Chief Operating Officer and held monthly meeting to review reports from the Finance Manager with the objective of maximising collection from receivables and minimising the exposure of debts being impaired.

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 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 operating environment and the size of the business.

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 2019 in accordance with Audit and Assurance Practice Guide 3 [previously Recommended Practice Guide 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 5 June 2020.

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 2019.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the External Auditors for services rendered for the financial year ended 31 December 2019 are as follows:

	Group RM'000	Company RM'000
Audit services - current year	112	62
Non-audit services	18	18
Total	130	80

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. 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 24 May 2019 is as follows:

Type of RRPT	Related Party	Relationship	Actual Value Transacted from 1 January 2019 to 31 December 2019 RM'000
Sale of stones and provision of contract workmanship and other related services by Syarikat Bukit Granite Sdn Bhd to GPL Group	GPL Group Sdn Bhd and companies related to Dato' Lim Kim Huat ("GPL Group")	Dato' Lim Kim Huat is a Director and major shareholder of the Company as well as a director and shareholder of GPL Group.	2,994

Directors' Responsibility Statement

in preparing the Audited Financial Statements

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 at the financial year ended 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Directors are satisfied that the Group has:-

- Adopted suitable accounting policies and applied 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 Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. 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.

The rest of this page has been intentionally left blank

FINANCIAL STATEMENTS

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year	(681)	309
Attributable to:		
Owners of the Company	(681)	309
Non-controlling interests	–	–
	(681)	309

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 2019.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

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 have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make allowance for doubtful debts in the financial statements of the Group and of the Company.

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.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

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:

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

* *Directors of the Company and certain subsidiaries*

DIRECTORS (CONT'D)

Other than as stated above, the names of the director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

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 1.1.2019 '000	**Bought '000**	**Sold '000**	**At 31.12.2019 '000**
Direct interests:				
Yeoh Chong Keat	900	–	–	900
Loi Heng Sewn	548	–	–	548
Cheong Marn Seng	9	–	–	9
Indirect interests:				
Dato' Lim Kim Huat #	140,816	–	–	140,816

\# 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.

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 directors in office at the end of the financial year had any interest in ordinary shares or debentures 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 29 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, other than any deemed benefits which may arise from transactions as disclosed in Note 30 to the financial statements.

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

INDEMNITY TO DIRECTOR AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

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

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.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 25 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.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, 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: 5 June 2020

Statements of Financial Position

As at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,247	724	3	4
Investment property	6	611	627	611	627
Intangible asset	7	–	–	–	–
Investment in subsidiaries	8	–	–	40,969	39,961
Inventories	9	36,467	–	–	–
Deferred tax assets	10	5	–	–	–
Total non–current assets		38,330	1,351	41,583	40,592
Current assets					
Inventories	9	2,802	39,066	–	–
Contract assets	11	1,478	1,427	–	–
Current tax assets		6	15	–	–
Trade and other receivables	12	1,470	1,933	8	12
Amount owing by a subsidiary	13	–	–	3,050	2,881
Deposits placed with licensed banks	14	1,753	3,562	–	850
Cash and bank balances		606	73	2	9
Total current assets		8,115	46,076	3,060	3,752
TOTAL ASSETS		46,445	47,427	44,643	44,344
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	39,585	39,585	39,585	39,585
Other reserves	16	(409)	(409)	–	–
Retained earnings		4,987	5,668	4,929	4,620
Total equity		44,163	44,844	44,514	44,205
Non-current liability					
Loans and borrowings	17	443	–	–	–
Total non-current liability		443	–	–	–
Current liabilities					
Trade and other payables	18	1,606	1,809	129	139
Provisions	19	28	–	–	–
Loans and borrowings	17	205	774	–	–
Total current liabilities		1,839	2,583	129	139
TOTAL LIABILITIES		2,282	2,583	129	139
TOTAL EQUITY AND LIABILITIES		46,445	47,427	44,643	44,344

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

Statements of Comprehensive Income

For the financial year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	20	5,506	3,957	–	–
Cost of sales	21	(4,335)	(3,213)	–	–
Gross profit		1,171	744	–	–
Other income	22	59	306	991	26
Selling and marketing expenses		(18)	(24)	–	–
Administrative expenses		(1,894)	(2,092)	(699)	(839)
Operating (loss)/profit		(682)	(1,066)	292	(813)
Finance income	23	90	126	17	50
Finance costs	24	(94)	(55)	–	–
(Loss)/Profit before tax	25	(686)	(995)	309	(763)
Income tax expense	27	5	8	–	–
(Loss)/Profit for the financial year		(681)	(987)	309	(763)
Other comprehensive loss for the financial year		–	–	–	–
Total comprehensive (loss)/income for the financial year		(681)	(987)	309	(763)
(Loss)/Profit attributable to:					
Owners of the Company		(681)	(987)	309	(763)
Non–controlling interests		–	–	–	–
		(681)	(987)	309	(763)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(681)	(987)	309	(763)
Non–controlling interests		–	–	–	–
		(681)	(987)	309	(763)
Loss per share (sen)					
- basic	28	0.26	0.37		
- diluted	28	0.26	0.37		

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

Statements of Changes In Equity

For the financial year ended 31 December 2019

	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Total equity RM'000
Group				
At 1 January 2018	39,585	(409)	6,655	45,831
Total comprehensive loss for the financial year	–	–	(987)	(987)
At 31 December 2018	39,585	(409)	5,668	44,844
Total comprehensive loss for the financial year	–	–	(681)	(681)
At 31 December 2019	39,585	(409)	4,987	44,163
Company				
At 1 January 2018	39,585	–	5,383	44,968
Total comprehensive loss for the financial year	–	–	(763)	(763)
At 31 December 2018	39,585	–	4,620	44,205
Total comprehensive income for the financial year	–	–	309	309
At 31 December 2019	39,585	–	4,929	44,514

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

Statements of Cash Flows

For the financial year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(686)	(995)	309	(763)
Adjustments for:					
Depreciation of:					
- property, plant and equipment		330	127	1	2
- investment property		16	16	16	16
Loss/(Gain) on disposal of property, plant and equipment		14	(26)	–	(26)
Payables written off		(30)	(67)	–	–
Reversal of impairment loss on trade and other receivables		(29)	(211)	–	–
Reversal of impairment loss on investment in subsidiaries		–	–	(991)	–
Interest expenses		94	55	–	–
Interest income		(90)	(126)	(17)	(50)
Operating loss before changes in working capital		(381)	(1,227)	(682)	(821)
Changes in working capital:					
Contract assets		(51)	60	–	–
Inventories		(203)	(399)	–	–
Trade and other receivables		492	1,352	4	(3)
Trade and other payables		(173)	(581)	(10)	31
Net cash used in operations		(316)	(795)	(688)	(793)
Interest paid		(94)	(55)	–	–
Income tax paid		–	(8)	–	–
Income tax refunded		9	8	–	–
Net cash flows used in operating activities		(401)	(850)	(688)	(793)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1)	–	–	–
Proceeds from disposal of property, plant and equipment		4	26	–	26
Withdrawal/(Placement) of deposits pledge for banking facilities		1,007	(27)	–	–
Uplift of unit trust		–	41	–	–
Net (advances to)/repayment from subsidiaries		–	–	(186)	306
Interest received		90	126	17	50
Net cash flows from/(used in) investing activities		1,100	166	(169)	382
Cash flows from financing activities	(b)				
Drawdown of trust receipts		–	770	–	–
Repayment of trust receipts		(770)	(549)	–	–
Repayment of lease liabilities/finance lease liabilities		(198)	(24)	–	–
Net cash flows (used in)/from financing activities		(968)	197	–	–
Net decrease in cash and cash equivalents		(269)	(487)	(857)	(411)
Cash and cash equivalents at the beginning of the financial year		2,616	3,103	859	1,270
Cash and cash equivalents at the end of the financial year		2,347	2,616	2	859
Analysis of cash and cash equivalents:					
Deposits placed with licensed banks		1,753	3,562	–	850
Cash and bank balances		606	73	2	9
		2,359	3,635	2	859
Less:					
Deposits pledged for banking facilities		(12)	(1,019)	–	–
		2,347	2,616	2	859

(a) Purchase of property, plant and equipment:

	Group 2019 RM'000	Group 2018 RM'000
Purchase of property, plant and equipment	871	–
Financed by way of lease arrangement	(870)	–
Cash payments on purchase of property, plant and equipment	1	–

(b) Reconciliation of liabilities arising from financing activities:

	As at 1.1.2019 RM'000	Cash flows RM'000	Non-cash Addition RM'000	As at 31.12.2019 RM'000
Group				
Lease liabilities/finance lease liabilities	4	(198)	842	648
Trust receipts	770	(770)	–	–
	774	(968)	842	648

	As at 1.1.2018 RM'000	Cash flows RM'000	Non-cash Addition RM'000	As at 31.12.2018 RM'000
Group				
Finance lease liabilities	28	(24)	–	4
Trust receipts	549	(549)	770	770
	577	(573)	770	774

(c) Total cash outflows leases

During the financial year, the Group had total cash outflows for leases of RM235,440.

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

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 as 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 5 June 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRS</u>	
MFRS 16	Leases
<u>Amendments/Improvements to MFRSs</u>	
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures
<u>New IC Int</u>	
IC Int 23	Uncertainty over Income Tax Treatments

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

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(i) Classification and measurement (Continued)

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

The Group and the Company also applied the following practical expedients wherein they:

(a) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(b) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(c) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as office equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

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

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

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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 MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The 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 of 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 3.12(b) to the financial statements.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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 or a 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 are 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 3.12(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(a) Translation of foreign currency transactions (Continued)

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 instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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

For the purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flows characteristics of the asset. The Group and the Company classify their debt instruments as follow:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

<u>Financial liabilities at amortised cost</u>

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

(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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

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 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs 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.

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.

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%
Plant and machinery	2%
Motor vehicles	10%
Office and other equipment	5% - 10%

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 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 3.12(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases

(a) Definition of lease

Accounting policies applied from 1 January 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 December 2018

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.

(b) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets as part of property, plant and equipment in Note 5 and lease liabilities in Note 17 to the financial statements.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied from 1 January 2019 (Continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 December 2018

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied until 31 December 2018 (Continued)

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

For operating leases, the Group and the Company do 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.

Any upfront lease payments are classified as land use rights within intangible assets.

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 3.12(b) to the financial statements.

3.9 Inventories

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

(a) Land held for property development

Land held for property development consists of land where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Land held for property development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(b) Property under development

Cost includes:

- freehold rights for land
- amounts paid to contractors for construction
- planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

(c) Finished goods

The finished goods consist of granites and marble stocks. The cost of finished goods includes the cost of direct materials and labour based on normal operating capacity. These costs are assigned on a weighted average cost 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.

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 amount may not be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 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.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company makes an estimate of the asset's recoverable amount. For goodwill that has an indefinite useful life, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

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.

3.13 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.

3.14 Employee benefits

(a) 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.

(b) 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.

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the construction business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Construction contracts

The Group provides supply, delivery and installation of stone and tilling works under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the supply, delivery and installation of stone and tilling works is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 days to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for supply, delivery and installation of stone and tilling works based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

(b) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(c) Interest income

Interest income is recognised using the effective interest method.

3.16 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.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (Continued)

(b) Deferred tax (Continued)

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 exists 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.

(c) Goods and services tax ("GST") and sales and services tax ("SST")

GST in Malaysia was abolished and replaced by SST on 1 September 2018.

Revenue is stated net of any GST or SST collected.

GST or SST paid on goods and services purchased are recognised as part of the cost of purchase of such goods and services, unless the GST is recoverable from the tax authority, in which case the GST paid is recognised as a receivable.

3.18 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.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 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.

3.21 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.

3.22 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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 statements include the following:

4.1 Construction revenue and expenses

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation 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 progress towards complete satisfaction of performance obligation, 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 when necessary, by relying on the work of specialists.

The carrying amount of contract assets is disclosed in Note 11 to the financial statements.

4.2 Write-down of obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on the assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amount 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.

The carrying amount of the Group's inventories is disclosed in Note 8 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office and other equipment RM'000	Right-of-use assets RM'000	Total RM'000
Group						
2019						
Cost						
At 1 January 2019						
- As previously reported	621	1,333	459	914	–	3,327
- Effect of adoption of MFRS 16	–	–	(137)	–	137	–
Adjusted balance at 1 January 2019	621	1,333	322	914	137	3,327
Additions	–	–	–	1	870	871
Disposals	–	–	(37)	(1)	–	(38)
Written off	–	–	–	(8)	–	(8)
Reclassification	–	–	137	–	(137)	–
At 31 December 2019	621	1,333	422	906	870	4,152
Accumulated depreciation						
At 1 January 2019						
- As previously reported	238	1,305	342	718	–	2,603
- Effect of adoption of MFRS 16	–	–	(68)	–	68	–
Adjusted balance at 1 January 2019	238	1,305	274	718	68	2,603
Depreciation for the financial year	12	24	42	32	220	330
Disposals	–	–	(19)	(1)	–	(20)
Written off	–	–	–	(8)	–	(8)
Reclassification	–	–	70	–	(70)	–
At 31 December 2019	250	1,329	367	741	218	2,905
Carrying amount						
At 1 January 2019 (Adjusted)	383	28	48	196	69	724
At 31 December 2019	371	4	55	165	652	1,247

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
Group					
2018					
Cost					
At 1 January 2018	621	1,333	622	914	3,490
Disposals	–	–	(163)	–	(163)
At 31 December 2018	621	1,333	459	914	3,327
Accumulated depreciation					
At 1 January 2018	226	1,281	459	673	2,639
Depreciation for the financial year	12	24	46	45	127
Disposals	–	–	(163)	–	(163)
At 31 December 2018	238	1,305	342	718	2,603
Carrying amount at 31 December 2018	383	28	117	196	724

	Office and other equipment RM'000	Total RM'000
Company		
2019		
Cost		
At 1 January 2019	21	21
Written off	(8)	(8)
At 31 December 2019	13	13
Accumulated depreciation		
At 1 January 2019	17	17
Depreciation for the financial year	1	1
Written off	(8)	(8)
At 31 December 2019	10	10
Carrying amount at 31 December 2019	3	3

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Office and other equipment RM'000	Total RM'000
Company			
2018			
Cost			
At 1 January 2018	163	21	184
Disposals	(163)	–	(163)
At 31 December 2018	–	21	21
Accumulated depreciation			
At 1 January 2018	163	15	178
Depreciation for the financial year	–	2	2
Disposals	(163)	–	(163)
At 31 December 2018	–	17	17
Carrying amount at 31 December 2018	–	4	4

(a) The Group leases a unit of motor vehicle and a piece of leasehold land together with a single storey factory erected thereon for their office space and operation site. The lease term for the office space and operation site is 4 years.

Information about the lease for which the Group is lessee is presented below:

	Motor vehicle RM'000	Leasehold land RM'000	Total RM'000
Group			
Carrying amount			
At 1 January 2019			
- As previously reported	–	–	–
- Effect of adoption of MFRS 16	69	–	69
Adjusted balance at 1 January 2019	69	–	69
Additions	–	870	870
Depreciation	(2)	(218)	(220)
Reclassification	(67)	–	(67)
At 31 December 2019	–	652	652

Extension and termination options

The lease contract of the Group includes extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

(b) In prior year, included in motor vehicle of the Group with carrying amount RM69,000 was acquired under finance lease arrangement. The leased motor vehicle of the Group is pledged as security for the related finance lease liabilities as disclosed in Note 17(a) to the financial statements.

6. INVESTMENT PROPERTY

	Group and Company 2019 RM'000	2018 RM'000
Freehold building, at cost		
At 1 January/31 December	804	804
Accumulated depreciation		
At 1 January	(177)	(161)
Depreciation for the financial year	(16)	(16)
At 31 December	(193)	(177)
Carrying amount at 31 December	611	627
At fair value	1,100	1,324

The direct operating expenses in respect of the investment property recognised in the profit or loss of the Group and of the Company amounted to RM9,000 (2018: RM9,000).

Fair value information

Fair value of the investment property is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company				
2019				
Freehold building	–	1,100	–	1,100
2018				
Freehold building	–	1,324	–	1,324

There were no transfers between Level 1 and Level 3 during the financial year ended 31 December 2019 and 31 December 2018.

Level 2 fair value

Level 2 fair values of buildings have been derived using the comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Highest and best use

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

7. INTANGIBLE ASSET

	Group	
	2019 RM'000	2018 RM'000
Goodwill		
Cost		
At 1 January/31 December	1,477	1,477
Accumulated impairment loss		
At 1 January/31 December	(1,477)	(1,477)
Carrying amount at 31 December	–	–

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares	15,825	15,825
Less: Impairment loss	(11,834)	(12,825)
	3,991	3,000
Loans that are part of net investments	36,978	36,961
	40,969	39,961

Loans that are part of net investments represent amount owing by a subsidiary which is non-trade in nature, unsecured, and non-interest bearing. The settlement of the amount 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 this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less impairment loss, if any.

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

	Company	
	2019 RM'000	2018 RM'000
At beginning of the financial year	12,825	12,825
Reversal of impairment loss	(991)	–
At end of the financial year	11,834	12,825

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interests 2019 %	Ownership interests 2018 %	Principal activities
Direct subsidiaries				
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.
Held through SBG				
Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") ^ # *	Republic of Turkey	100	100	Ceased operation.

^ *Audited by auditors other than Baker Tilly Monteiro Heng PLT*

The audited financial statements of this subsidiary is not available for consolidation. This subsidiary is currently inactive.

* *Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") applied for striking-off on the basis that Montana has ceased operations and has no intention to carry on its business. At the date of this report, the strike-off application for Montana is still in progress.*

9. INVENTORIES

	Note	Group 2019 RM'000	Group 2018 RM'000
At lower of cost and net realisable value:			
Non-current			
Land held for development			
- Freehold land at cost		28,202	–
- Development costs		8,265	–
		36,467	–
Current			
Property under development			
- Freehold land at cost		–	28,202
- Development costs		–	8,107
Finished goods	(a)	2,802	2,757
		2,802	39,066
		39,269	39,066

(a) Included in finished goods of the Group are granites and marble stocks. The Group's cost of inventories recognised as an expense in cost of sales during the financial year amounting to RM1,843,000 (2018: RM1,253,000).

10. DEFERRED TAX ASSETS

Deferred tax assets relate to the following:

	At 1 January 2019 RM'000	Profit or loss RM'000	At 31 December 2019 RM'000
Group			
Deferred tax assets:			
Property, plant and equipment	–	5	5

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2019 RM'000	2018 RM'000
Unabsorbed investment tax allowances	442	442
Unabsorbed capital allowances	428	369
Unutilised tax losses	3,797	4,150
	4,667	4,961
Potential deferred tax assets at 24% (2018: 24%)	1,120	1,190

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group which will expire in the following financial years:

	Group	
	2019 RM'000	2018 RM'000
2025	3,785	4,150
2026	12	–
	3,797	4,150

11. CONTRACT ASSETS

	Group	
	2019 RM'000	2018 RM'000
Contract assets relating to construction service contracts	1,478	1,427

11. CONTRACT ASSETS (CONTINUED)

Significant changes in contract balances

	Increase/(decrease) 2019 RM'000	2018 RM'000
Group		
Increases due to revenue recognised, but no right to consideration	1,478	1,427
Transfers from contract assets recognised at the beginning of the period to receivables	(1,427)	(1,487)

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade receivables		2,823	3,144	–	–
Less: Impairment losses for trade receivables		(1,453)	(1,482)	–	–
	(a)	1,370	1,662	–	–
Non-trade					
Other receivables		1,342	1,507	1,314	1,314
Deposits		745	747	6	8
Prepayments		21	25	2	4
		2,108	2,279	1,322	1,326
Less: Impairment losses for other receivables		(2,008)	(2,008)	(1,314)	(1,314)
	(b)	100	271	8	12
Total trade and other receivables		1,470	1,933	8	12

(a) Trade receivables

Trade receivable are non-interest bearing and normal trade credit terms offered by the Group ranging from 30 to 60 days (2018: 30 to 60 days). Other credit terms are assessed and approved based on a case-by-case basis.

Included in trade receivables is an amount of RM663,000 (2018: RM527,000) owing from trade receivables in which a director of the Company has interest.

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	
	2019	**2018**
	RM'000	**RM'000**
Individually impaired		
At 1 January	1,482	1,693
Reversal of impairment loss	(29)	(211)
At 31 December	1,453	1,482

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 2019 are retention sums of RM1,428,000 (2018: RM1,454,000) relating to the ongoing construction work.

The information about the credit exposure are disclosed in Note 32(b)(i) to the financial statements.

(b) Other receivables, deposits and prepayments

Other receivables and deposits that are impaired

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January/31 December	2,008	2,008	1,314	1,314

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. DEPOSITS PLACED WITH LICENSED BANKS

Included in deposits placed with licensed banks of the Group is an amount of RM12,000 (2018: RM1,019,000) pledged for banking facilities granted to the subsidiaries as disclosed in Note 17 to the financial statements.

The effective interest rates of the deposits placed with licensed banks of the Group and Company are 2.75% and Nil (2018: 2.40% to 2.95% and 2.40% to 2.95%) per annum respectively at the end of the reporting period.

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019 Units '000	2018 Units '000	2019 RM'000	2018 RM'000
Issued and fully paid up:				
At 1 January/31 December	263,900	263,900	39,585	39,585

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.

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

16. OTHER RESERVES

	Group	
	2019 RM'000	2018 RM'000
Exchange reserve	(409)	(409)

The translation reserve comprises all 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 currency.

17. LOANS AND BORROWINGS

		Group	
	Note	2019 RM'000	2018 RM'000
Non-current:			
Lease liabilities	(a)	443	–
Current:			
Lease liabilities/finance lease liabilities	(a)	205	4
Trust receipts	(b)	–	770
		205	774
Total loans and borrowings		648	774

17. LOANS AND BORROWINGS (CONTINUED)

(a) Lease liabilities/finance lease liabilities

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

	Group	
	2019 RM'000	2018 RM'000
Minimum lease payments:		
- not later than one year	233	4
- later than one year and not later than five years	466	–
	699	4
Less: Future finance charges	(51)	–
Present value of finance lease liabilities	648	4
Present value of minimum lease payments:		
- not later than one year	205	4
- later than one year and not later than five years	443	–
	648	4
Less: Amount due within twelve months	(205)	(4)
Amount due after twelve months	443	–

The interest rate implicit in the lease is 5% (2018: 4.55%).

(b) Trust receipts

The trust receipts of the Group are secured by way of:

(i) deposits placed with licensed banks as disclosed in Note 14 to the financial statements; and
(ii) a corporate guarantee of the Company.

The interest rate of trust receipts is at Nil (2018: 8.87%) per annum at the end of the reporting period.

18. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade payables	(a)	906	1,095	–	–
Non-trade					
Other payables		84	103	22	21
GST and SST payable		55	38	–	–
Deposits		77	99	–	–
Accruals	(b)	484	474	107	118
		700	714	129	139
Total trade and other payables		1,606	1,809	129	139

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 day).

Included in trade payables are retention sums of RM367,000 (2018: RM500,000) relating to the ongoing construction work.

(b) Accruals

Included in accruals in the Group are accruals for construction costs amounting to RM305,000 (2018: RM275,000).

19. PROVISIONS

	Restoration cost RM'000
Group	
At 1 January 2019	–
Recognised during the financial year	28
At 31 December 2019	28

A provision of RM28,000 was made during the financial year ended 31 December 2019 in respect of the Group's obligation to dismantle and remove the items and restore the site after the end of four tenure periods. The provision has been calculated using a discount rate of 5%.

20. REVENUE

	Group 2019 RM'000	Group 2018 RM'000
Construction revenue	5,236	3,339
Sale of goods	270	618
	5,506	3,957

(a) Disaggregation of revenue

The Group reports the building materials segments in accordance with MFRS 8 Operating Segments. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Group 2019 RM'000	Group 2018 RM'000
Building materials		
Major goods or services:		
Construction services	5,236	3,339
Retail of marble and granite slabs	270	618
	5,506	3,957
Timing of revenue recognition:		
At a point of time	270	618
Over time	5,236	3,339
	5,506	3,957

(b) Transaction price allocated to the remaining performance obligation

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

21. COST OF SALES

	Group 2019 RM'000	Group 2018 RM'000
Cost of construction contracts	4,032	2,561
Cost of goods sold	303	652
	4,335	3,213

22. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Reversal of impairment loss on:				
- trade and other receivables	29	211	–	–
- investment in subsidiaries	–	–	991	–
Gain on disposal of property, plant and equipment	–	26	–	26
Payable written off	30	67	–	–
Others	–	2	–	–
	59	306	991	26

23. FINANCE INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposit interests	90	126	17	50

24. FINANCE COSTS

	Group	
	2019 RM'000	2018 RM'000
Interests expense on:		
- lease liabilities/finance lease liabilities	38	1
- trust receipts	56	54
	94	55

25. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
- current year	112	86	62	58
- prior years	6	24	(6)	17
Non-statutory audit fees	18	10	18	10
Depreciation of property, plant and equipment (Note 5)	330	127	1	2
Depreciation of investment property (Note 6)	16	16	16	16
Employee benefits expense (Note 26)	1,980	1,988	385	499
Expense relating to lease of low value assets	2	–	–	–
Loss/(Gain) on disposal of property, plant and equipment	14	(26)	–	(26)
Payable written off	(30)	(67)	–	–
Rental of premises	–	233	–	–
Rental of office equipment	–	6	–	4
Reversal of impairment loss on:				
- trade receivables	(29)	(211)	–	–

26. EMPLOYEE BENEFITS EXPENSE

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and allowances		1,808	1,788	360	461
Defined contribution plan		161	178	24	37
Staff welfare		11	22	1	1
		1,980	1,988	385	499
Included in employee benefits expenses are:					
Directors' remuneration	29	299	299	299	299
		299	299	299	299

27. INCOME TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current income tax:				
- prior year	–	(8)	–	–
Deferred tax:				
- current year	(5)	–	–	–
	(5)	(8)	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable (loss)/profit 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before tax	(686)	(995)	309	(763)
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	(165)	(239)	74	(183)
Tax effects arising from:				
- non-taxable income	(11)	(85)	(242)	(18)
- non-deductible expenses	241	214	168	201
- utilisation of previous unrecognised tax losses and capital allowances	(80)	–	–	–
- deferred tax not recognised on tax losses and temporary differences	10	110	–	–
- over provision of current tax in prior years	–	(8)	–	–
Income tax expense for the financial year	(5)	(8)	–	–

28. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per ordinary share are based on the 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:

	2019 RM'000	2018 RM'000
Loss attributable to owners of the Company	681	987
Weighted average number of ordinary shares for basic loss per share	263,900	263,900

	2019 Sen	2018 Sen
Basic loss per ordinary share	0.26	0.37

Diluted loss per ordinary share

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

29. 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	
	2019 RM'000	2018 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

(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:

	Group and Company	
	2019	2018
Executive directors		
RM100,000 - RM150,000	1	1
Non-executive directors		
Less than RM50,000	4	4
	5	5

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.

(b) Significant related party transactions and balances

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

	Group	
	2019 RM'000	2018 RM'000
Sales of stones and provision of contract workmanship and other related services to a company in which a director has interest	2,994	974

Significant outstanding balance with related parties at the end of the financial year are as disclosed in Note 12 and Note 13 to the financial statements.

(c) Compensation of key management personnel

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	565	565	299	299

31. CONTINGENT LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Performance bonds extended to third parties - project related	12	27

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:

Financial assets and financial liabilities are measured at amortised cost.

	Carrying amount RM'000	Amortised cost RM'000
2019		
Financial assets		
Group		
Trade and other receivables *	1,449	1,449
Deposits placed with licensed banks	1,753	1,753
Cash and bank balances	606	606
	3,808	3,808
Company		
Trade and other receivables *	6	6
Amount owing by a subsidiary	3,050	3,050
Cash and bank balances	2	2
	3,058	3,058
Financial liabilities		
Group		
Loans and borrowings	648	648
Trade and other payables #	1,551	1,551
	2,199	2,199
Company		
Trade and other payables	129	129

* *Exclude prepayments*
\# *Exclude GST and SST payable*

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

	Carrying amount RM'000	Amortised cost RM'000
2018		
Financial assets		
Group		
Trade and other receivables *	1,908	1,908
Deposits placed with licensed banks	3,562	3,562
Cash and bank balances	73	73
	5,543	5,543
Company		
Trade and other receivables *	8	8
Amount owing by a subsidiary	2,881	2,881
Deposits placed with licensed banks	850	850
Cash and bank balances	9	9
	3,748	3,748
Financial liabilities		
Group		
Loans and borrowings	774	774
Trade and other payables #	1,771	1,771
	2,545	2,545
Company		
Trade and other payables	139	139

* *Exclude prepayments*
\# *Exclude GST and SST payable*

(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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk

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 exposure to credit risk primarily arises from its trade receivables and contract assets while the Company's exposure to credit risk primarily arises from 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. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

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

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

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

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables

	Group			
	2019		2018	
	RM'000	%	RM'000	%
Supply of goods and construction services	1,370	100	1,662	100

Contract assets

	Group			
	2019		2018	
	RM'000	%	RM'000	%
Construction services	1,478	100	1,427	100

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

For construction contracts, the Group assessed the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available.

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 31 December 2019 and 31 December 2018 are as follows:

	Gross carrying amount RM'000	ECL allowance RM'000	Net balance RM'000
Group			
At 31 December 2019			
Contract assets			
Current (not past due)	1,478	–	1,478
Trade receivables			
Current (not past due)	146	–	146
> 30 days past due	3	–	3
> 60 days past due	109	–	109
> 90 days past due	2,565	–	2,565
Credit impaired:			
- Individually assessed	–	(1,453)	(1,453)
	4,301	(1,453)	2,848
At 31 December 2018			
Contract assets			
Current (not past due)	1,427	–	1,427
Trade receivables			
Current (not past due)	1,251	–	1,251
> 30 days past due	50	–	50
> 60 days past due	135	–	135
> 90 days past due	1,708	–	1,708
Credit impaired:			
- Individually assessed	–	(1,482)	(1,482)
	4,571	(1,482)	3,089

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and 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.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities with the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is determined at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

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 RM8,200,000 (2018: RM8,970,000) 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 loss allowance for impairment as determined by the Company for the financial guarantee.

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 and 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.

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:

	Carrying amount RM'000	I---- Contractual cash flows ---- On demand or within one year RM'000	Between 1 and 5 years RM'000	Total RM'000 ----I
Group				
At 31 December 2019				
Financial liabilities				
Loans and borrowings	648	233	466	699
Trade and other payables #	1,551	1,551	–	1,551
	2,199	1,784	466	2,250
At 31 December 2018				
Financial liabilities				
Loans and borrowings	774	774	–	774
Trade and other payables #	1,771	1,771	–	1,771
	2,545	2,545	–	2,545
Company				
At 31 December 2019				
Financial liabilities				
Trade and other payables	129	129	–	129
Financial guarantee contracts	–	8,200	–	8,200
	129	8,329	–	8,329
At 31 December 2018				
Financial liabilities				
Trade and other payables	139	139	–	139
Financial guarantee contracts	–	8,970	–	8,970
	139	9,109	–	9,109

Exclude GST and SST payable

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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 also takes advantage of any natural effects of its foreign currencies expenses by maintaining current accounts in foreign currencies.

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

	Group Functional currencies	
	Ringgit Malaysia RM'000	Total RM'000
Financial assets and liabilities not held in functional currencies:		
At 31 December 2019		
Cash and bank balances		
New Turkish Lira	14	14
Trade and other payables		
New Turkish Lira	11	11
At 31 December 2018		
Cash and bank balances		
New Turkish Lira	14	14
Trade and other payables		
New Turkish Lira	11	11

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly New Turkish Lira.

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 and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily their deposits placed with licensed banks and short-term loans and borrowings with floating rates.

Sensitivity analysis for interest rate risk

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

(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 (2018: 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.

Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities.
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).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 2019 and 31 December 2018.

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 2019 and 31 December 2018 are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade and other payables	1,606	1,809	129	139
Loans and borrowings	648	774	–	–
Total debts	2,254	2,583	129	139
Total equity	44,163	44,844	44,514	44,205
Debt-to-equity ratio	5.10%	5.76%	0.29%	0.31%

34. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 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 materials – involved in supply, delivery and installation of stone and tiling works.
(ii) Investment holding – involved in investment holding.
(iii) Property development – 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.

34. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
2019				
Revenue				
External customer	5,506	–	–	5,506
Inter-segment	–	–	–	–
	5,506	–	–	5,506
Adjustments and eliminations				–
Consolidated revenue				5,506
Results				
Segment results	287	293	(17)	563
Interest income	73	17	–	90
Reversal of impairment on trade receivables	29	–	–	29
Payable written off	30	–	–	30
Loss on disposal of property, plant and equipment	(14)	–	–	(14)
Depreciation of property, plant and equipment and investment property	(297)	(17)	(32)	(346)
Interest expenses	(94)	–	–	(94)
Income tax expense	5	–	–	5
	19	293	(49)	263
Adjustments and eliminations				(944)
Consolidated loss for the financial year				(681)
Assets				
Segment assets	9,178	64,495	36,630	110,303
Unallocated assets				–
				110,303
Adjustments and eliminations				(63,858)
Consolidated total assets				46,445
Liabilities				
Segment liabilities	5,186	179	36,984	42,349
Adjustments and eliminations				(40,067)
Consolidated total liabilities				2,282

34. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Building materials RM'000	Investment holding RM'000	Property development RM'000	Group RM'000
2018				
Revenue				
External customer	3,957	–	–	3,957
Inter-segment	–	–	–	–
	3,957	–	–	3,957
Adjustments and eliminations				–
Consolidated revenue				3,957
Results				
Segment results	(384)	(795)	(48)	(1,227)
Interest income	73	50	3	126
Gain on disposal of property, plant and equipment	26	–	–	26
Reversal of impairment on trade receivables	211	–	–	211
Payable written off	67	–	–	67
Depreciation of property, plant and equipment and investment property	(125)	(18)	–	(143)
Interest expenses	(54)	–	(1)	(55)
Income tax expense	8	–	–	8
	(178)	(763)	(46)	(987)
Adjustments and eliminations				–
Consolidated loss for the financial year				(987)
Assets				
Segment assets	9,276	64,197	36,666	110,139
Unallocated assets				–
				110,139
Adjustments and eliminations				(62,712)
Consolidated total assets				47,427
Liabilities				
Segment liabilities	5,304	4,698	9	10,011
Adjustments and eliminations				(7,428)
Consolidated total liabilities				2,583

34. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

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

(c) Major customers

Revenue from three (2018: three) major customers contributed an aggregate revenue of RM2,796,000 (2018: RM2,166,000) of the Group's total revenue in the building material segment.

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

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and other parts of the world.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non adjusting events in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

Statement by Directors

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

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 42 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 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: 5 June 2020

Statutory Declaration

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

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 42 to 99 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.: 5667

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 5 June 2020.

Before me,

Firdaus Bt S. Faizal
NO. W723
Commissioner for Oaths

Independent Auditors' Report

To the members of Ablegroup Berhad
(Incorporated in Malaysia)

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 2019 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 42 to 99.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company 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

Revenue and corresponding costs recognition for construction activities (Note 20 and Note 21 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total construction costs for each project (an input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a 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:

- reading the terms and conditions of sample agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Key Audit Matters (Continued)

Inventories (Note 9 of the financial statements)

The carrying amount of the inventories of the Group amounts to RM39.27 million which is significant to the Group. In addition, the determination of the carrying value of inventories by the Group at lower of cost and net realisable value involves significant estimates.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe physical existence and condition of the inventories;
- inspecting relevant documentation in the Group's assessment on the carrying value of the identified inventories; and
- reviewing subsequent sales and evaluating the Group's assessment on identifying slow moving inventories.

Company

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary 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 PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2020 J
Chartered Accountant

Kuala Lumpur

Date: 5 June 2020

List of Properties

Location/Address	Description/ Existing Use	Tenure	Approximate Area	Approximate Age of Building (Years)	Year of Acquisition	Carrying amount as at 31.12.2019 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	260m² (built-up)	12	2007	611
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 28 May 2020

Total number of issued shares	:	263,899,852 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	64	1.797	2,547	0.000
100 - 1,000	2,313	64.953	720,544	0.273
1,001 - 10,000	498	13.984	2,376,896	0.900
10,001 - 100,000	500	14.040	20,515,690	7.774
100,001 - 13,194,991 (*)	185	5.195	99,467,775	37.691
13,194,992 and above (**)	1	0.028	140,816,400	53.359
TOTAL :	**3,561**	**100.000**	**263,899,852**	**100.000**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

Name of Directors	Direct No. of Shares Held	Direct %	Indirect No. of Shares Held	Indirect %
Dato' Lim Kim Huat	–	–	140,816,400 [(a)]	53.359
Yeoh Chong Keat	900,000	0.341	–	–
Loi Heng Sewn	548,100	0.207	–	–
Cheong Marn Seng	9,000	0.003	–	–
Wong Heang Fine	–	–	–	–

Note:

(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.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholders	Direct No. of Shares Held	Direct %	Indirect No. of Shares Held	Indirect %
Parallel Pinnacle Sdn Bhd	140,816,400	53.359	–	–
Golden Century Overseas Ltd	–	–	140,816,400 [(a)]	53.359
Dato' Lim Kim Huat	–	–	140,816,400 [(b)]	53.359
Datin Chan Shiou Bin	–	–	140,816,400 [(b)]	53.359

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.

(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.

LIST OF TOP 30 HOLDERS

No.	Name	Holdings	%
1	PARALLEL PINNACLE SDN BHD	140,816,400	53.359
2	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)*	4,000,000	1.515
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI KAH WAI (7004499)*	3,800,000	1.439
4	GAN CHING HAN @ PAUL NGAN CHING HAN	3,620,000	1.371
5	SEIK THYE KONG	3,385,100	1.282
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)*	3,332,900	1.262
7	TAN TIOW AIK	2,907,700	1.101
8	GAN CHING HAN @ PAUL NGAN CHING HAN	2,350,900	0.890
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR AZIZAN BIN ABD RAHMAN (PBCL-0G0617)*	2,250,000	0.852
10	LIEW TIEN CHOY	2,240,000	0.848
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)*	2,100,000	0.795
12	WANG SZE YAO @ WANG MING WAY	2,087,975	0.791
13	KENANGA NOMINEES (TEMPATAN) SDN BHD *LIM SOH WOON*	1,830,000	0.693
14	PETER LING HAU MENG	1,450,300	0.549
15	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG GO SONG*	1,401,800	0.531
16	CHAN THENG SUNG	1,350,000	0.511
17	HLIB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG KIM GUAN (CCTS)*	1,256,400	0.476
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (SRB/PMS)*	1,200,000	0.454
19	TAN KA LIAN	1,132,300	0.429
20	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUNG LIONG YIEN*	1,098,000	0.416
21	SOO SIEW SENG	1,060,000	0.401
22	WEE JUI JONG	1,036,000	0.392
23	M & A NOMINEE (ASING) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG JACQUELINE (M&A)*	1,003,000	0.380
24	HENG GUEK KENG	1,000,000	0.378
25	LIM AH TEE	1,000,000	0.378
26	ONG SOI TAT	1,000,000	0.378
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)*	1,000,000	0.378
28	TAN KHAY LONG	1,000,000	0.378
29	KENANGA NOMINEES (TEMPATAN) SDN BHD *PANG MEI CHEA @ SEE KIEW*	986,900	0.373
30	CHIA SUN KIA	960,000	0.363
		193,655,675	73.382

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting ("AGM") of AbleGroup Berhad ("AbleGroup" or 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 Thursday, 30 July 2020 at 2.30 p.m. to transact the following business: -

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and allowances up to RM224,000.00 from 31 July 2020 until the next AGM of the Company. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 92 of the Company's Constitution:-

   (i) Wong Heang Fine **(Resolution 2)**
   (ii) Loi Heng Sewn **(Resolution 3)**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

5. **ORDINARY RESOLUTION** **(Resolution 5)**
   RETENTION OF CHEONG MARN SENG AS INDEPENDENT DIRECTOR

   "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."

6. **ORDINARY RESOLUTION** **(Resolution 6)**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act"), 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 in any one financial year 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."

7. **ORDINARY RESOLUTION** **(Resolution 7)**
   PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE")

   "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 (the "Group") to enter into recurrent related party transactions of a revenue or trading nature as stated in Section 2.4 of the Circular to Shareholders dated 30 June 2020 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 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 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."

8. To transact any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

LIM FEI CHIA
SSM PC NO. 202008000515
MAICSA 7036158

TAN FONG SHIAN
SSM PC NO. 201908004045
MAICSA 7023187

Company Secretaries

Kuala Lumpur
30 June 2020

Notes:-

1. The Audited Financial Statements for the financial year ended 31 December 2019 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 23 July 2020 (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 two (2) 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 Form of Proxy, 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 Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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 (Resolution 5)

This proposed resolution is to seek shareholders' approval to retain Cheong Marn Seng as Independent Non-Executive Director of the Company. The Board recommended that Cheong Marn Seng be retained as Independent Non-Executive Director based on the following justifications:-

(i) Confirmation and declaration by Mr Cheong that he met the criteria of an Independent Director prescribed under Paragraph 1.01 of the Listing Requirements of Bursa Securities;
(ii) Confirmation and declaration that he has no conflict of interests with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
(iii) His length of service on the Board does not in any way interfere with his exercise of balance and objective view to Board deliberations. His experience and knowledge in the Group's businesses and operations enable him to contribute effectively to Board deliberation and decision making.

11. Authority for Directors to Issue Shares (Resolution 6)

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 AGM of the Company.

The General Mandate procured and approved in the preceding year 2019 which was not exercised by the Company during the year, will expire at the 16th AGM 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 (Resolution 7)

This proposed resolution, if passed, will grant authority to 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 dated 30 June 2020 despatched together with the Annual Report 2019. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE 16TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

No individual is standing for election as Director at the 16th AGM of the Company.

ABLEGROUP BERHAD
Registration No. 200401015685 (654188-H)
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares held	
CDS Account No.	
Contact No.	

I/We____ NRIC/Passport/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/Passport No.)

of ____
(Full address)

or failing him/her ____
(Full name in block letters and NRIC/Passport 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 16th Annual General Meeting ("AGM") 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 Thursday, 30 July 2020 at 2.30 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 allowances up to RM224,000.00 from 31 July 2020 until the next AGM of the Company.		
2.	To re-elect Wong Heang Fine as Director.		
3.	To re-elect Loi Heng Sewn as Director.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To retain Cheong Marn Seng as Independent Director.		
6.	To authorise Directors to issue shares.		
7.	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.)

**Delete if not applicable.*

#If you do not wish to appoint the Chairman of the meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the space(s) provided.

Dated this___________ day of ___________________ 2020.

____
Signature/ Common Seal of Member(s)

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 July 2020 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*
2. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*
3. *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.*
4. *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.*
5. *To be valid, the original Form of Proxy, 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.*
6. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
7. *By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents collecting, processing, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this meeting and at any adjournment thereof.*

Fold this flap for sealing

Please fold here

Stamp

The Company Secretaries

ABLEGROUP BERHAD
Reg. No. 200401015685 (654188-H)

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

Please fold here

AbleGroup Berhad
200401015685 (654188-H)

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