



# Annual Report 2017

**KEJURUTERAAN ASASTERA BERHAD**

(Company No. 420505-H)

(Incorporated in Malaysia under the Companies Act, 1965)



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Ferdaus Bin Mahmood**  
 Male, Malaysian, Company Director  
 (Independent Non-Executive Chairman)

**Choong Gaik Seng**  
 Male, Malaysian, Entrepreneur  
 (Executive Director)

**Lu Chee Leong**  
 Male, Malaysian, Chartered Accountant  
 (Independent Non-Executive Director)

**Dato' Lai Keng Onn**  
 Male, Malaysian, Entrepreneur  
 (Managing Director)

**Datin Alicia Chan Pey Kheng**  
 Female, Malaysian, Director  
 (Executive Director)

**Tong Siut Moi**  
 Female, Malaysian, Chartered Secretary  
 (Independent Non-Executive Director)

### AUDIT COMMITTEE

**Lu Chee Leong** (Chairman)  
 Independent Non-Executive Director

**Ferdaus Bin Mahmood** (Member)  
 Independent Non-Executive Chairman

**Tong Siut Moi** (Member)  
 Independent Non-Executive Director

### REMUNERATION COMMITTEE

**Tong Siut Moi** (Chairman)  
 Independent Non-Executive Director

**Ferdaus Bin Mahmood** (Member)  
 Independent Non-Executive Chairman

**Lu Chee Leong** (Member)  
 Independent Non-Executive Director

### NOMINATION COMMITTEE

**Tong Siut Moi** (Chairman)  
 Independent Non-Executive Director

**Ferdaus Bin Mahmood** (Member)  
 Independent Non-Executive Chairman

**Lu Chee Leong** (Member)  
 Independent Non-Executive Director

### RISK MANAGEMENT COMMITTEE

**Lu Chee Leong** (Chairman)  
 Independent Non-Executive Director

**Dato' Lai Keng Onn** (Member)  
 Managing Director

**Tong Siut Moi** (Member)  
 Independent Non-Executive Director

**Ferdaus Bin Mahmood** (Member)  
 Independent Non-Executive Chairman

### COMPANY SECRETARIES

**Joanne Toh Joo Ann** (LS 0008574)  
**Sia Ee Chin** (MAICSA 7062413)

Unit 30-01, Level 30, Tower A  
 Vertical Business Suite  
 Avenue 3, Bangsar South  
 No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur  
 Wilayah Persekutuan  
 Malaysia

**Tel No.** : +603 2783 9191  
**Fax No.** : +603 2783 9111

### REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
 Vertical Business Suite  
 Avenue 3, Bangsar South  
 No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur  
 Wilayah Persekutuan  
 Malaysia

**Tel No.** : +603 2783 9191  
**Fax No.** : +603 2783 9111

### HEAD / MANAGEMENT OFFICE

No. 18, Jalan Radin Bagus 9  
 Bandar Baru Seri Petaling  
 57000 Kuala Lumpur  
 Malaysia

**Tel No.** : +603 9055 3812  
**Fax No.** : +603 9055 3912  
**E-mail** : asastera@asastera.com  
**Website** : www.asastera.com

### SPONSOR

Mercury Securities Sdn Bhd  
 L-7-2, No 2 Jalan Solaris  
 Solaris Mont' Kiara  
 50480 Kuala Lumpur  
 Malaysia

**Tel No.** : +603 6203 7559  
**Fax No.** : +603 6203 7560

### AUDITORS

Siew Boon Yeong & Associates (AF:  
 0660)  
 Wisma SBY  
 9-C, Jalan Medan Tuanku  
 Medan Tuanku  
 50300 Kuala Lumpur  
 Malaysia

**Tel No.** : +603 2693 8837  
**Fax No.** : +603 2693 8836

### PRINCIPAL BANKERS

AmBank (M) Berhad  
 Level 16, Menara Dion  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Malaysia

**Tel No.** : +603 2026 3939  
**Fax No.** : +603 2381 1780

AI Rajhi Banking & Investment  
 Corporation  
 (Malaysia) Berhad  
 Level 10B, Chulan Tower  
 No. 3, Jalan Conlay  
 50450 Kuala Lumpur  
 Malaysia

**Tel No.** : +603 2301 7000  
**Fax No.** : +603 2332 6065

### 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  
 Wilayah Persekutuan  
 Malaysia

**Tel No.** : +603 2783 9299  
**Fax No.** : +603 2783 9222

### STOCK EXCHANGE LISTING

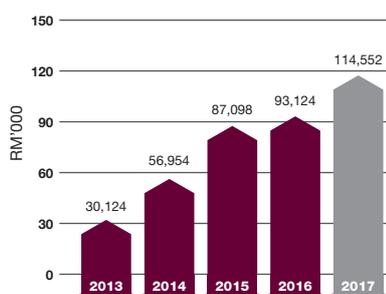
ACE Market of Bursa Malaysia Securities  
 Berhad  
 Stock Name : KAB  
 Stock Code : 0193



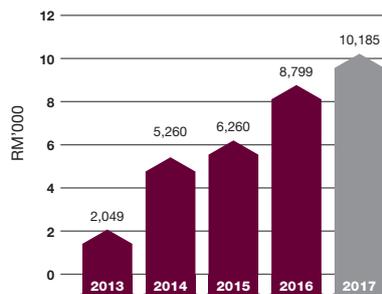
## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended Dec 31	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000 (Restated)
Revenue	114,552	93,124	87,098	56,954	30,124
Profit Before Taxation	10,185	8,799	6,260	5,260	2,049
Total Comprehensive Income/(Expenses)	6,776	6,555	4,548	3,874	1,481
Paid-Up Share Capital	32,000	1,000	1,000	1,000	577
Shareholders' Fund	42,899	16,124	10,618	7,070	4,266
Dividends	0	1,050	1,000	1,494	577
Earning Per-Share (Cent)	2.71	6.56	4.55	5.30	2.57
Net Assets Per Share (Cent)	1.34	16.12	10.62	7.07	7.40

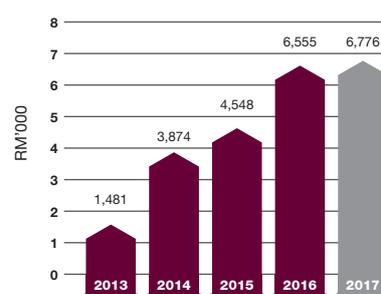
### REVENUE



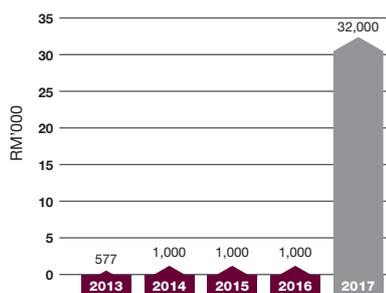
### PROFIT BEFORE TAXATION



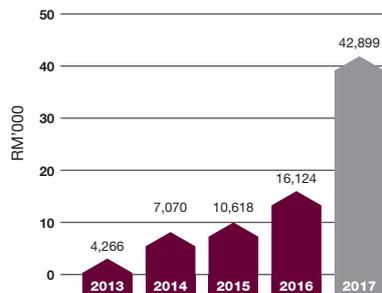
### TOTAL COMPREHENSIVE INCOME



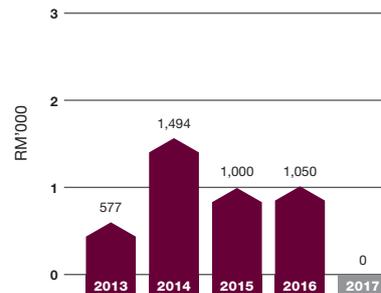
### PAID UP SHARE CAPITAL



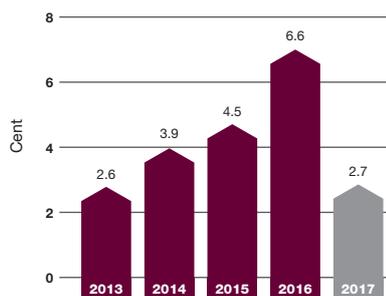
### SHAREHOLDERS' FUND



### DIVIDENDS



### EPS





# BOARD OF DIRECTORS



**From left :**

**Mr Choong Gaik Seng** (Executive Director), **Datin Alicia Chan Pey Kheng** (Executive Director)  
**Dato' Lai Keng Onn** (Managing Director), **Encik Ferdaus Bin Mahmood** (Independent Non-Executive Chairman)  
**Ms Tong Siut Moi** (Independent Non-Executive Director), **Mr Lu Chee Leong** (Independent Non-Executive Director).

## PROFILE OF DIRECTORS

### **FERDAUS BIN MAHMOOD**

*INDEPENDENT NON-EXECUTIVE CHAIRMAN*

**Ferdaus Bin Mahmood**, Malaysian, male, aged 64, is our Independent Non-Executive Chairman. He was appointed to the Board of Kejuruteraan Asastera Berhad on 30 May 2017. He is also a member of the Nominating, Remuneration, Audit Committee and Risk Management Committee. He obtained his Sijil Pelajaran Malaysia in 1972.

Ferdaus Bin Mahmood began his career in 1974 as a trainee accountant at Tractors Malaysia Berhad. In 1976, he joined United Estate Projects Sdn Bhd (now known as Sime Darby Property Berhad). His last position with United Estate Projects Sdn Bhd was credit controller, in which role he was tasked with the application and procurement of financing and conveyancing matters related to the development of Subang Jaya, Selangor. He left United Estate Projects Sdn Bhd in 1982 and joined Pandan Maju Sdn Bhd as a marketing and sales manager where he was responsible for overseeing the marketing, sales and control of a mixed development known as Desa Pandan, Kuala Lumpur.

In 1986, Ferdaus Bin Mahmood joined Trimula Sdn Bhd as project manager, where he provided project management consultancy services and oversaw the development of projects. In 1990, he joined Landgen Property Management Sdn Bhd, one of the subsidiaries of Land & General Berhad, as the general manager and director. Land & General Berhad is a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and is principally involved in property investment and development business. As the general manager and director of Landgen Property Management Sdn Bhd, he was responsible for all property management and maintenance of the company's assets.

In 1996, Ferdaus Bin Mahmood was seconded to Lembah Beringin Sdn Bhd, a subsidiary of Land & General Berhad, as general manager and director, where he was tasked with formulating a marketing plan and implementation of an advertising campaign for the company. In 1996, he was seconded to Lang Australia Pty Ltd, a subsidiary of Land & General Berhad which is based in Melbourne, Australia, as its chief operating officer and director. During his tenure with Lang Australia Pty Ltd, he acted as the company's representative for all its investments in Australia and was responsible for setting up the company's subsidiaries in Australia.

Ferdaus Bin Mahmood returned to Malaysia in 2005 and was re-designated as the director of property division of Land & General Berhad, where he was in charge of strategic planning, marketing, sales and project planning.

In 2008, Ferdaus Bin Mahmood was promoted to the position of executive director of Land & General Berhad. In 2016, he decided to retire from active corporate life and became a Non-Independent Non-Executive Director of Land & General Berhad.

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### **DATO' LAI KENG ONN**

*MANAGING DIRECTOR*

**Dato' Lai**, Malaysian, male, aged 50, is our Managing Director and Substantial Shareholder. He obtained his Sijil Tinggi Persekolahan Malaysia in 1989. He was appointed to the Board of Kejuruteraan Asastera Berhad on 24 February 1997. He is also a member of the Risk Management Committee.

Dato' Lai started his career as a project manager at Wira Teknik Sdn Bhd, an electrical works contractor, in 1990 where he was tasked to prepare tender documents, project costing, and undertake procurement and commissioning activities. He further gained experience in implementing and managing projects, where he was involved in preparing design calculations, liaising with customers and authorities, and managing workers as well as service providers engaged by the company.

On 24 February 1997, he founded our Company. Under Dato' Lai's stewardship, our Company grew from a 2-person team to our current workforce of more than 100 employees. Dato' Lai together with the management team has led our Company in completing over 50 projects since inception. Dato' Lai together with the management team also actively monitors and oversees the delivery of our projects to ensure that they are delivered in a timely manner and that the quality of our works are satisfactory.

Dato' Lai has over the years established and implemented a standard operating procedure in our Company to lay down a set of predetermined practices that are required to be initiated and followed by employees in the carrying out of our operations.



## Profile of Directors cont'd

As the Managing Director of Kejuruteraan Asastera Berhad, Dato' Lai has also been instrumental in formulating the strategic direction for business growth, developing and implementing plans that contribute to the growth of the Company's business, and overseeing the daily operations of our Company.

Dato' Lai also plays a role in building a good relationship with our customers, which has in the past contributed to new business opportunities through recurring business or recommendations to other prospective customers.

Further, under Dato Lai's strategic direction, we have expanded our services offerings to include the provision of mechanical engineering services and the provision of refurbishment of electrical systems in 2010, the provision of FTTH services in 2012 and the provision of ELV services in 2014.

He will continue to be instrumental in providing direction to our Company and overseeing the implementation of our Company's business expansion plans.

With his extensive experiences in the electrical and mechanical industry of approximately 27 years, he has contributed significantly to our success.



### **CHOONG GAIK SENG** EXECUTIVE DIRECTOR

**Choong Gaik Seng**, Malaysian, male, aged 58, is our Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 1 March 2013.

He completed his secondary school education at Penang Free School, Malaysia, in 1976. In 2002, he obtained a chargeman A0 qualification from Institut Latihan Perindustrian, Malaysia, and subsequently in 2003, he obtained a wireman PW4 qualification from Institut Kemahiran Belia Negara, Malaysia. In 2008, he obtained a chargeman A4 qualification from Pusat Latihan Teknologi Tinggi, Malaysia. Choong Gaik Seng is currently a certified chargeman and wireman registered with the Energy Commission Malaysia.

In 1981, Choong Gaik Seng began his career as a purchaser for Limamas Sawmill Sdn Bhd where he was responsible for purchasing spare parts and sundry goods for the company. In 1985, He joined Eden Catering Sdn Bhd as a catering supervisor. His role in this company included preparation of food and organising staff for outdoor catering functions, meeting with customers and ensuring service and food satisfaction.

In 1989, Choong Gaik Seng joined Eden Food Industry as an outlet manager where he was tasked to oversee the duty-free outlet of Eden Food Industry in the Subang International Airport. In 1991, Choong Gaik Seng joined Tan Choong Industrial Equipment Sdn Bhd as the sales representative, where he liaised with customers on spare parts purchases.

In 1992, Choong Gaik Seng joined Ikhtiar Bersatu Letrik Sdn Bhd as a site supervisor where he was responsible for leading and managing a team of workers for the installation of electrical services, telephone services and ELV services in building construction projects. He then joined Prinsip Serasi Sdn Bhd in 2004 as a site supervisor and was later promoted to the position of senior site supervisor. At Prinsip Serasi Sdn Bhd, he was responsible for managing and supervising sub-contractors engaged for the installation of electrical services, telephone services and ELV services in building construction projects.

Choong Gaik Seng joined our Company in 2007 as project coordinator, where he was responsible for managing the electrical and mechanical engineering projects undertaken by our Company. He subsequently became an Executive Director in 2013. Choong Gaik Seng is responsible for overseeing and implementing our Company's quality management plan and ensuring the projects undertaken by our Company are completed on time.





## Profile of Directors cont'd

### **DATIN ALICIA CHAN PEY KHENG** EXECUTIVE DIRECTOR

**Datin Alicia**, Malaysian, female, aged 46, is our Executive Director. She obtained her Sijil Pelajaran Malaysia in 1990. She was appointed to the Board of Kejuruteraan Berhad on 1 March 2018.

In 1991, Datin Alicia began her career as an administrative assistant with Ritz Print Sdn Bhd. Her last position held in Ritz Print Sdn Bhd was the head of production department. During her employment with Ritz Print Sdn Bhd, she was in charge of managing and controlling printing production, planning the production schedule and material purchases, assisting in the preparation of artwork, inventory and stock management including conduct weekly stock check, liaising with suppliers and customers for order processing and delivery arrangements. She also assisted in preparation of sales orders and invoices. She left Ritz Print in May 1995 and did not take up employment thereafter until August 1997.

In August 1997, she joined our Company where she was responsible for overseeing finance and administration operations.

Datin Alicia is also the Finance Director of our Company and is responsible for overseeing the daily operations of the finance, administration and purchasing department, including monitoring progress claims and collections, banking matters, procuring and maintaining insurance coverage, office administration and procurement approval.

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### **LU CHEE LEONG** INDEPENDENT NON-EXECUTIVE DIRECTOR

**Lu Chee Leong**, Malaysian, male, aged 54, is our Independent Non-Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 30 May 2017. He is the Chairman of the Audit Committee and Risk Management Committee. He also a member of Nominating and Remuneration Committee. He obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 1989. He has been a fellow member of the ACCA since 1995. Lu Chee Leong is also a Chartered Accountant of the Malaysian Institute of Accountants since 1996.

In 1990, Lu Chee Leong joined Kassim Chan & Co., Kota Kinabalu (now known as Deloitte Malaysia) as an audit assistant. During his tenure, he was involved in audit assignments of companies in various industries. He left as an audit senior and subsequently joined Luyang Recreation Club Sdn Bhd as an accountant in 1995 where he was tasked to oversee and manage the operations of the accounts departments of Luyang Recreation Club Sdn Bhd. In 1997, Lu Chee Leong joined DiGi Telecommunications Sdn Bhd as an accountant. His last position in DiGi Telecommunications Sdn Bhd was the head of section (GTM), Sabah region, under the sales division of the company. During his tenure with DiGi Telecommunications Sdn Bhd, he was involved in the management and operations of various departments including accounts, human resource and marketing for the Sabah region. He left DiGi Telecommunications Sdn Bhd at the end of 2014 and started his own corporate services firm named Johan Corporate Services in early 2015, where he provided bookkeeping and related services to customers.

Lu Chee Leong has been the Independent Non-Executive Director of Mikro MSC Berhad, a company listed on the ACE Market of Bursa Securities, since 2008. Mikro MSC Berhad is involved in the research and development, design, manufacturing and sales of analogue, digital and computer controlled electronic systems.

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## Profile of Directors cont'd

### **TONG SIUT MOI**

#### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Tong Siut Moi**, Malaysian, female, aged 49, is our Independent Non-Executive Director. She was appointed to the Board of Kejuruteraan Asastera Berhad on 30 May 2017. She is the Chairman of Nominating, Remuneration Committee and also a member of Audit Committee and Risk Management Committee. She obtained her secretarial professional degree from the Institute of Chartered Secretaries and Administrators (United Kingdom) in 1996 and has become a qualified Chartered Secretary since 1998. Tong Siut Moi has also completed the Advanced Women Directors' Programme in December 2015 and has been an Associate of the Malaysian Directors Academy (MINDA) since 2016.

Tong Siut Moi began her career as a junior secretarial assistant with Kuala Lumpur Industries Holdings Berhad in 1992, where she was responsible for the filing and updating of the statutory records of the companies in the group. Subsequently, she joined Rotary Management Sdn Bhd as a senior secretarial assistant in 1995 where she was responsible for attending board meetings, preparing minutes and providing training to subordinates. In 1999, she joined FACB Resorts Berhad in a similar role as assistant company secretary. In 2001, she left FACB Resorts Berhad and became Pilecon Engineering Berhad's group company secretary where she was in charge of secretarial and regulatory compliance related matters.

In 2005, she joined Chin Foh Berhad as group company secretary where she was in charge of all company secretarial and regulatory compliance related matters. While Tong Siut Moi was still with Chin Foh Berhad, she set up a company named Boardroom Avenues Sdn Bhd in November 2010, where she was the executive director responsible for providing company secretarial advisory services for corporate exercises and corporate transactions undertaken by public listed companies. She left Chin Foh Berhad and Boardroom Avenues Sdn Bhd in 2013 and joined Gabungan AQRS Berhad as group company secretary. She left in May 2017 to be an associate trainer with CKM Advisory Sdn Bhd where she is responsible for providing training programmes to directors and senior management of public listed companies, particularly with regards to compliance with the Listing Requirements of Bursa Securities.

Tong Siut Moi has been the Independent Non-Executive Director of Niche Capital Emas Holdings Berhad, a company listed on the Main Market of Bursa Securities, since 2016. It is principally involved in investment holding, manufacturing, distribution and retail of gold jewellery and ornaments.





## OTHER INFORMATION

### **A. FAMILY RELATIONSHIP**

Save for Datin Alicia who is the spouse of Dato' Lai, none of the other Directors have any family relationship with any Director and/or major shareholder of Kejuruteraan Asastera Berhad.

### **B. CONFLICT OF INTEREST**

None of the directors have any conflict of interest with the company.

### **C. CONVICTION OF OFFENCES**

Other than traffic offences, none of the Directors have been convicted of any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### **D. DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

Except for Mr. Lu Chee Leong, Ms. Tong Siut Moi and Mr. Ferdaus Bin Mahmood, none of the other Directors hold any directorships in other public companies and listed issuers.

### **E. DIRECTORS' ATTENDANCE FOR BOARD MEETINGS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The Directors' attendance for the Board Meetings for the financial year ended 31 December 2017 is presented on page 24 of the Annual Report.

### **F. DIRECTORS' SHAREHOLDINGS**

Except for Dato' Lai Keng Onn, Mr. Choong Gaik Seng and Mr. Lu Chee Leong, none of the other Directors hold any shares, direct or indirect in the company. Dato' Lai Keng Onn, Mr. Choong Gaik Seng and Mr. Lu Chee Leong shareholdings in the Company are disclosed in page 90 of the Annual Report.



## KEY MANAGEMENT PROFILE

### **LIM PENG HOCK** CHIEF FINANCIAL OFFICER

**Lim Peng Hock**, Malaysian, male, aged 60, is our Chief Financial Officer. He is a Chartered Accountant (ACA) by profession from the Institute of Chartered Accountants in England & Wales (ICAEW) after graduating with a honours degree in Accountancy from the City of London Polytechnic, UK. He is also a member of the Malaysian Institute of Accountants (MIA).

Lim Peng Hock began his career as a Trainee Accountant with Dearden Farrow & Co, Chartered Accountants in London, UK in 1979 where he audited companies in various industries and sizes. Upon his qualification as a Chartered Accountant (ACA) in 1983, he returned to Malaysia and worked as an Accountant in manufacturing, life assurance and oil & gas companies.

In 1990, he returned to work in the UK as a Senior Accountant for an international organisation in satellite communications where he was responsible for the design and implementation of an ERP system.

After returning to Malaysia in 1997, he worked as a Financial Controller for a property developer where he helped raised funds for a mixed development township project in Kertih, Terengganu. Due to the Asian financial crisis in 1998, he left to join a US multinational waste water treatment company, initially as the Group Financial Controller and was promoted to Finance Director after 2 years. He was also the General Manager of one of their trading subsidiaries.

In 2002, because of a global restructuring initiative to downsize the Malaysian operations to focus on their China operations, he left to join another US multinational vitamin fortification company as the Financial Controller responsible for finance, IT, HR & Admin.

When the company decided to relocate their operations away from the Klang Valley, he left to start his own finance consultancy practise providing specialist accounting, tax, fund raising and business advisory services to a myriad of clients in very diverse industries including trading, car park management, manufacturing etc.

In 2010, he rejoined the corporate world initially as the Managing Director of a shared services company and then as a General Manager of a ready mixed concrete company, which was a wholly owned subsidiary of a publicly listed property developer.

In 2012, he returned to work in the UK, initially as the Finance Director of a football club and was later promoted to Chief Executive Officer & Chairman when the club was promoted from the Championship to the Barclays Premier League.

In 2015, he returned to Malaysia when the football club was relegated back to the championship to take on the position of Chief Financial Officer of a public listed company in the construction sector. While he was there, he undertook 2 corporate exercises, a RM58 million rights issue and an acquisition of a major company in the same industry, valued at RM280 million.

Lim Peng Hock joined us in December 2017 and is responsible for all financial matters including overseeing our Company's financial and accounting reporting functions, compliance with the Listing Requirements of Bursa Securities, regulatory reporting in Malaysia as well as investor relations matters. He reports directly to our Managing Director, Dato'Lai.

He does not hold any directorship in public companies and listed issuers, has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no connection for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.





## Key Management Profile cont'd

### **GOH KOK BOON**

*BUSINESS DEVELOPMENT DIRECTOR*

**Goh Kok Boon**, Malaysian, male, aged 44, is our Business Development Director. He graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering from the University of Windsor, Canada, in 1999.

In 2000, Goh Kok Boon began his career as project engineer with Selatan Johor Electrical Engineering Sdn Bhd where he was tasked with scheduling, coordinating and monitoring the engineering projects assigned to him from inception until completion. In 2001, he joined Henikwon Corporation Sdn Bhd as a sales manager where he was tasked with marketing transformers and busduct systems and providing technical support. Thereafter, he joined Letrikon Engineering Sdn Bhd in 2002 as general manager and was responsible for developing, reviewing and implementing strategic business plans pertaining to the company's sales and financial performance. He was subsequently promoted to the position of executive director of Letrikon Engineering Sdn Bhd in 2004 and was responsible for overseeing the daily operations of the company as well as project management matters. He left Letrikon Engineering Sdn Bhd in 2009 and became the executive director of Hoe Huat Electric Sdn Bhd, where his responsibilities included overseeing daily operations of the company and management matters.

In 2012, he set up a business named Kitchen On Wheels Sdn Bhd where his main role was to oversee business operations. The operations of Kitchen On Wheels Sdn Bhd became dormant in 2013. He joined our Company as project director in 2013, where he was initially responsible for overseeing project budgets and costing, problem solving and marketing. He left our Company in August 2014 and joined ConnectCounty Holdings Berhad as an executive director, where he was responsible for developing, coordinating and implementing business and corporate strategies.

Goh Kok Boon resigned from his position in ConnectCounty Holdings Berhad in August 2016 and re-joined our Company as Project Director in October 2016. As Project Director, his responsibilities are primarily to manage project timelines, project budgets and ensure financial accountability of the projects. He conducts weekly project and material planning meetings to ensure timely delivery of the projects. To ensure the financial accountability of the projects, he manages the preparation and submission of tender proposals, project costing and review the monthly progress claim reports submitted by the project team to ensure that the costs for the projects are within the project budget. Goh Kok Boon is also involved in developing and maintaining good working relationship with the Company's customers.

Goh Kok Boon is appointed as our Business Development Director on 1 December 2017 reporting to Dato Lai directly. His role includes assisting Dato Lai in overseeing business development of the Company.

He does not hold any directorship in public companies and listed issuers, has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no connection for any offences within the pass five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Corporate Overview

Kejuruteraan Asastera Berhad (“KAB” or “the Company”) is a Malaysia-based electrical and mechanical engineering company that is listed on the ACE Market of Bursa Securities.

Since it was established in 1997, KAB has been focused on an integral yet niche area within the electrical engineering services segment, specifically in the installation, testing and commissioning of electrical systems, which includes electrical distribution systems, communications and information technology networks and ELV (extra low voltage) systems.

KAB further differentiated itself through notable accreditations and certifications. The Company holds a Class A certification, the highest class of electrical contractor certification, from the Energy Commission Malaysia. This allows the Company to tender for electrical projects exceeding RM1 million. The Company also holds a Grade ‘G7’ license, the highest grade of license, from the Construction Industry Development Board (CIDB) which allows KAB to tender for electrical projects with unlimited amount of value.

Leveraging on its strong track record garnered across two decades, KAB has also expanded its income stream to the provision of mechanical engineering services such as the installation, testing and commissioning of air-conditioning and mechanical ventilation systems. While this segment is still relatively small, KAB is confident that it has the potential to grow further given the synergies derived from the Company’s electrical engineering services business as well as the growing demand from the building and property industry.

Today, KAB is a reputable company that can provide comprehensive or ‘one-stop’ solutions in electrical and mechanical engineering services. Following the Company’s successful listing on the ACE Market of Bursa Securities on 17 November 2017, KAB aims to become a recognised and reputable leader in the electrical and mechanical engineering segment. KAB also intends to position itself as an exciting high-growth counter on Bursa Malaysia with a unique exposure to Malaysia’s vibrant construction and property industries.

In order to achieve its aim, the Company is currently focused on carrying out its expansion plans that will cover three core areas, namely investing in strategies that will grow its market share, expanding its geographical presence as well as diversifying its earnings stream by increasing its service offerings.

KAB operates from its current headquarters in Bandar Baru Sri Petaling, Kuala Lumpur. As at 31 December 2017, the Company has a staff strength of 109 individuals.

## Management Discussion and Analysis cont'd



### Analysis of Financial Results

For the year ended 31 December 2017, KAB recorded revenues of RM114.55 million and profit after tax of RM6.78 million.

The Company incurred a one-off non-recurring listing expenses amounting to RM3.34 million during the financial year ended 31 December 2017 in relation to the listing of KAB on the ACE Market of Bursa Securities. Hence, the Company's profit after tax excluding the non-recurring listing expenses, being the core earnings of the Company, for the financial year ended 31 December 2017 would have been RM9.38 million.

KAB's earnings per share for the cumulative period ended 31 December 2017 is 2.71 sen while total assets as at 31 December 2017 is RM90.23 million.

There are no known trends and events that are likely to have a material effect on the Company's operations, financial condition and liquidity.

The Company plans to invest about RM1.7 million in capital expenditure from the Initial Public Offering proceeds to expand the business and support the current operations

### Review of Operations

#### Electrical engineering services

KAB's electrical engineering services segment contributed 97.9% of the Company's revenue during the year under review. Our customers are primarily main contractors, project owners and property developers operating in Malaysia.

KAB is usually appointed as a sub-contractor for electrical engineering services either by the main contractor or project owner of a particular building or construction project. Approximately 70% of our contracts secured over the past three years have been made as a nominated sub-contractor, whereby a professional working relationship has already been established with the project owner based on our delivery track record, and as such, the main contractor is obliged to appoint us to the project.

As at December 31 2017, KAB has a total of 35 on-going projects for electrical engineering services. Some of our notable projects include the setting-up of electrical, FTTH (fibre-to-home) and telephone systems for residential developments such as H2O Residences, Selangor; Lakeville Residence, Kuala Lumpur; The Havre, Kuala Lumpur; as well as commercial properties like Eko Cheras Mall, Kuala Lumpur; and CyberSquare, Cyberjaya. The Company is also undertaking three electrical engineering services projects for the affordable homes segment in Kuala Lumpur, namely Residensi Jalimas, Residensi Wangsamias and Prima Setapak.

The year under review also saw KAB successfully securing new contracts worth RM130.0 million in total. These contracts included the installation, testing and commissioning of electrical systems as well as telephone and telecommunications infrastructure for The Estate, Bangsar South, Kuala Lumpur. KAB was also contracted to supply, deliver, install, test and commission the electrical system for Greenfield Residence, Bandar Sunway, Selangor; and to provide electrical and extra low voltage services for Cerrado (Phase 1), a serviced residence located in Kuala Lumpur.

As at 31 December 2017, KAB's order book stood at RM217 million.



## Management Discussion and Analysis cont'd

### Mechanical engineering services

KAB's mechanical engineering services is a relatively new yet fast-growing business segment that stems from the natural synergies derived from our electrical engineering services. When it comes to mechanical engineering services, KAB's focus is in the area of installation, testing and commissioning of air-conditioning and mechanical ventilation systems. Our services also include the provision of all the pipework, ductwork, air-conditioning units, ventilation and any relevant accessories required for the project.

In 2017, KAB's mechanical engineering services projects encompass new construction and property development, as well as renovation projects across residential, commercial and public infrastructure. A notable project undertaken by the Company in 2017 was an air conditioning and ventilation system (ACMV) for Fakulti Kejuruteraan Elektrikal & Elektronik Bangunan Pentadbiran dan Akademik at Universiti Tun Hussein Onn Malaysia, Johor.

### **Managing Risks**

KAB is cognisant that its core business activities can be affected by adverse changes in public policies. Any unexpected and unfavourable introduction of laws and regulations that impacts electrical and mechanical engineering service providers as well as the construction industry at large will likely affect our Company's financial performance from a revenue as well as cost perspective.

In order to manage this risk, KAB's Board of Directors and Senior Management Team are ever-vigilant in monitoring relevant public policy discussions and developments. We are also actively engaging key stakeholders, from relevant policymakers to industry non-governmental organisations (NGOs) to stay abreast of public policy trends.

In addition, KAB is also mindful that its business is correlated to the health of Malaysia's construction sector, which is in turn reliant on our national economy. A slowdown in the construction and property industry in Malaysia will have a repercussion on KAB's financial performance. In order to mitigate this risk, we intend to expand our service offerings, especially in the mechanical engineering segment, as well as enhance our geographic reach beyond the Klang Valley area. We are also looking to penetrate further into the affordable housing sector where demand is expected to remain robust in the foreseeable future.

The electrical and mechanical engineering services industry is highly competitive and fragmented, with numerous industry players of different sizes and specialisation. KAB aims to stay ahead of the competition by updating and enhancing our accreditations and certifications while at the same time, continue to build our track record and reputation for quality and on-time delivery in the market. Being a public listed company on the ACE Market of Bursa Securities also lends a competitive advantage as it accords us an additional level of visibility, esteem and credibility when tendering for jobs.



## Management Discussion and Analysis cont'd

### Forward Looking Statements

Malaysia's Gross Domestic Product (GDP) is expected to grow by 5.4% in 2018, according to the Malaysian Institute of Economic Research (MIER). This growth will be driven primarily by domestic demand, which is projected to increase by 5.2% year-on-year. The construction industry in Malaysia is also expected to benefit from the significant public sector spending on transportation infrastructure such as the Mass Rapid Transit (MRT) Circle Line, as well as on affordable housing, as announced in the 2018 Budget. (Source: Four construction sector drivers to benefit under Budget 2018. The Star Online. 31 October 2017)

The favourable outlook of our national economy, especially the construction sector will augur well for KAB in the immediate and medium term given that the Company's core business activity is to provide electrical and mechanical engineering services to the building and construction sector.

Moving forward, we aim to focus our efforts to grow our market share in Malaysia by increasing tendering activities, specifically in the affordable housing sector. At the same time, we are also looking to expand our geographic footprint further. We are in the midst of setting up a branch office in Johor Bahru in 2018 to cater to our growing client base in the Southern region.

We are also strengthening our capabilities by growing our mechanical engineering services segment via joint ventures and/or acquisitions.

KAB also intends to strengthen our presence in the area of maintenance services to further generate income beyond project completion. Amongst the various maintenance services that the Company aims to offer include upgrading, expansion, refurbishment, retrofitting and renovation projects.

In the area of technology innovation, KAB is planning to collaborate with a software specialist to develop our own proprietary Internet-of-Things based software that can monitor ventilation and air-conditioning systems in order to enhance operational efficiencies and reduce cost. We believe that by developing new technologies, KAB can leap-frog our competitors to reach greater heights and gain a competitive advantage.

The Company announced a interim single tier dividend of 0.05 sen per share on 26 February 2018. This was done based on the Company's 2017 financial performance and confidence in its ability to do the same or better in 2018.

All in all, in view of the positive operating landscape and the progressive strides we have made in enhancing our operations and expanding our earnings stream, the Board of KAB is confident that the Company will be able to deliver an encouraging performance for the financial year ending 31 December 2018.



## Sustainability Statement

### Embracing Sustainability in KAB

Kejuruteraan Asastera Berhad (“KAB” or “the Company”) is a firm believer in sustainability. By consistently reviewing, enhancing and adopting sustainable best practices throughout our value chain, we are convinced that our Company can grow in a dynamic manner while creating tangible value for our shareholders and stakeholders at large.

During the year under review, KAB continues to update as well as put in place new initiatives that are in accordance to the tenets of sustainability within our organisation. Our Company has always been mindful of the way our organisation and business operations impact the lives of our own employees, external parties, our environment and the society as a whole.

When it comes to sustainability, KAB is focused on the three sustainability pillars of economic, environmental and social (EES). The Company’s Board of Directors is responsible for reviewing and approving the Company’s sustainability strategy and initiatives. As for the implementation and execution, the Board of Directors empowers the Managing Director to cascade responsibilities to the relevant Heads of Department within our organisation.

### Identifying Material Sustainability Matters



KAB’s continued growth and success is based on a variety of internal and external factors. Each material factor or material sustainability matter is highly integral to the Group’s continued performance and comes with its own set of risks, variables and opportunities.

In order to put in place effective sustainability strategies that can ultimately drive our organisation further forward, KAB has to first identify and understand these material sustainability matters. The Company then relies on feedback, insights and information from across our stakeholder community.

The information gathering and assessment process involved various areas covering EES that are relevant and important to each stakeholder segment. Key sustainability matters were then identified and validated by the Board of Directors and Senior Management Team.

KAB has identified four Sustainability Matters, namely Employees, Compliance, Environment and Community. These four areas will continue to be reviewed periodically to ascertain material relevancy vis-a-vis the organisation.



## Sustainability Statement cont'd



### Employees

As a specialist in the electrical and mechanical engineering sector, KAB relies on the experience and expertise of its team of highly trained electricians and engineers to deliver our contractual obligations in a quality and timely manner. The job scope that is required to undertake the electrical and mechanical engineering services that we offer can be very technical, more so with the diverse components, tools, equipment and devices utilised in our line of work.



In view of this, KAB consistently keeps our technical specialists trained and updated on the techniques and technologies that can help them perform their duties effectively. At the same time, the Company has also put in place a competitive remuneration and talent development programme across all levels within our organisation in order to attract, retain and develop talent in a more structured manner. We believe that by investing in our talent, we are able to expand our business in terms of greater market share and enhanced geographical reach.

List of employee training programmes conducted in FY2017:

Date 2017	Training Programme	Organiser	Scope/Area	Type of Training	Location
16 - 17.01.2017	Transition of ISO9001:2008 to ISO9001:2015	Cambridge Training	Quality Management	Training	Kuala Lumpur
06.03.2017	Updated on Companies Act 2016	Malaysian Export Academy	Corporate Governance	Seminar	Kuala Lumpur
19 - 20.09.2017	Corporate Directors Advanced Programme (CDAP) 2017: Financial Language in the Board Room	Malaysian Directors Academy (MINDA)	Finance & Accounting	Seminar	Kuala Lumpur
13 & 16.10.2017	Elective Programme: " Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre	Directors Accreditation Programme	Training	Kuala Lumpur
08.11.2017	Bengkel Perlindungan Keselamatan Sosial Peringkat Nasional 2017	Pertubuhan Keselamatan Sosial (PERKESO)	Human Resource	Seminar	Kuala Lumpur
23.11.2017	8th SBY Tax & Corporate Review	SBY Group	Finance & Accounting	Seminar	Kuala Lumpur
30.11.2017	Contractual Risks and Opportunities Management	WCW Management	Consulting Risk Management	Training	Kuala Lumpur
02.12.2017	QLASSIC Awareness Course	Sysnovate Solutions Sdn Bhd	Quality Management	Seminar	Kuala Lumpur





## Sustainability Statement cont'd

### Occupational safety and health

The services that KAB provides come with a notable level of risks. Our engineers and electricians are constantly exposed to high voltage electricity at the job site. In addition, as our team work in areas which are under construction, they are also exposed to the risks associated to building sites.

At KAB, the health, safety and welfare of our employees is top priority. We have stringent guidelines in place and enforced in accordance to standards set by the Department of Occupational Safety and health Malaysia (DOSH). Our team also has to comply with safety procedures implemented at the building site by the project owners.

Occupational health and safety also applies across our project pool, from our administrative staff to our project team. As such, KAB consistently provides internal and external training to our employees in order to inculcate a safety culture within our organisation.

### **Compliance**

The electrical and mechanical engineering solutions that KAB provides are integral to the functionality, operations and safety of a building or infrastructure project. In order to ensure our ability to deliver to specifications, KAB has and will continue to comply with all relevant guidelines and regulations, in particular, those that are set out by the Energy Commission of Malaysia (Suruhanjaya Tenaga).

KAB also holds a Class A certification from the Energy Commission, the highest class of electrical contractor certification that allows the Company to tender for electrical projects exceeding RM1 million. The Company also holds a Grade 'G7' license, the highest grade of license, from the Construction Industry Development Board (CIDB). These certifications, which are reviewed periodically, provides our customers with the assurance of our competency and provide the Company with a competitive advantage in our industry.

KAB is also committed towards complying with the processes and procedures set out under our existing Quality Management System certification, ISO 9001:2008, so that we can continue to deliver quality services to our clientele.



## Sustainability Statement cont'd

### Community Enrichment

As a sustainability-conscious organisation, KAB continues to contribute positively towards enriching the lives of people within our society.

During the year under review, the Company has contributed in cash and kind to various organisations and causes ranging from;

- 1) Monthly supply of sundries to Ti-Ratana Welfare Society Desa Petaling
- 2) Donation to Persatuan Kebajikan Hope Worldwide Kuala Lumpur
- 3) Donation to Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra Petaling Jaya
- 4) Get-together activity with kids from "Persatuan Untuk Orang Kurang Upaya Akal Selangor Dan Wilayah Persekutuan" on 16.12.2017





## Sustainability Statement cont'd

### Environment

As a total solutions provider in the electrical and mechanical engineering sector, KAB is in a unique position to promote and encourage technologies and processes that can help safeguard our environment. By leveraging on our team's expertise and experience, we strive to provide our clients with clever ways that can help the building being constructed save electricity usage in the future.

When it comes to ventilation and air-conditioning systems, we are constantly focused on maximising efficiencies through smart planning and the utilisation of new technologies. This will lead to better cost savings while mitigating the impact of the building on the environment.

Our Company also produces office waste in the course of its daily operations. Currently, we are streamlining our operational processes with the aim of cutting down paper usage.

KAB's many green initiatives include:

#### **Recycle Reuse Reduce (3R)**

- 1) Pre-set photocopier to print on both sides by default to cut consumption of paper by half
- 2) Pre-set printing in grayscale/draft mode to reduce the usage of colour ink
- 3) Pre-set computer (desktop/laptop) settings to energy saving mode when not in use
- 4) Recycle old documents / paper and reuse
- 5) Distribute memos via email, instead of paper
- 6) Sharing general information such as handbooks, SOP, forms using the network server instead of hardcopies
- 7) Reuse boxes when necessary
- 8) Reuse envelopes
- 9) Switch off all electrical appliances when not in use, during the lunch break and after office hours
- 10) Use of LED lightnings throughout the organisation

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“The Board”) of Kejuruteraan Asastera Berhad (“KAB” or “the Company”) remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of the Company, guided by the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”). Pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities, the Board is pleased to present this Corporate Governance Overview Statement which outlines how the Company applied the Principles and best practices of the Code for the financial year ended 31 December 2017 (“FY 2017”).

The detailed application by KAB for each practice as set out in the MCCG during the FY 2017 is disclosed in the Corporate Governance Report (“CG Report”), announced together with this Annual Report 2017 in the Bursa Securities’ website.

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

### **I. BOARD RESPONSIBILITIES**

#### **Board Charter**

The Board is guided by a Board Charter. KAB was listed in November 2017 and the Board has adopted its Board Charter in Financial Year 2018. The Board Charter is available on KAB’s website.

The Company’s Board Charter clearly identifies the respective roles and responsibilities of the board, board committees and individual directors including Independent Non-Executive Chairman and Managing Director/CEO. It also clearly identifies the issues and decisions reserved for the board. The Board Charter will be periodically reviewed as and when necessary to ensure it remains relevant and consistent with the recommended best practices, and applicable rules and regulations.

The Board is responsible for strategic planning, oversight and overall management of the Company. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference. The Board’s role is to lead and control the affairs on behalf of shareholders. The Board takes into account the interests of all stakeholders when making decisions so as to ensure that the twin objectives of enhancing prosperity and creating long term shareholders’ value are met. In addition, the Board monitors the performance of the Company’s various areas of operations. To enhance the Board’s effectiveness and performance, the Board has established the following Board Committees to perform certain of its functions and provide it with recommendations and advice:

- Nominating Committee
- Remuneration Committee
- Audit Committee
- Risk Management Committee

There is a clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board. The Executive Directors are responsible for the implementation of the Board’s decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board’s deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Company will be subject to approval by the Board.

The Board discharged its responsibilities in the best interests of the Company, as follows:

#### **i. Reviewing and adopting a strategic plan for the Company**

The Board provides direction and has in place a strategy planning process, whereby the management presents its recommended strategy and business plans to the Board for review and approval before implementation. In the financial year 2017, the Company continued to focus on improving market growth and strengthen KAB’s financial position. The Company views the venture into mechanical engineering projects as promising and wishes to increase its involvement in mechanical engineering projects. The Company will continue to seek and secure new business opportunities and to expand its existing business in electrical and mechanical engineering services.



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **I. BOARD RESPONSIBILITIES (CONT'D)**

##### **Board Charter (Cont'd)**

##### **ii. Overseeing the conduct of the Company's business**

The Managing Director and the Executive Directors are responsible to oversee the daily management of the Company's business and operations. The Managing Director and the Executive Directors are assisted by the various divisional heads in monitoring daily activities and further supported by the Management and other Committees established within the Company's management framework. The Management's performance is monitored and assessed by the Board through management reports which are tabled to the Board on a periodic basis. These reports include a brief summary of business operations and comprehensive financial performance. The Board is also kept informed of key strategic initiatives and operational issues within the Company.

##### **iii. Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks.**

The Audit Committee, the Risk Management Committee ("RMC"), together with Internal Audit function, would oversee the Enterprise risk Management ("ERM") of the Company. The RMC would review and identifies areas of potential high risk faced by the Company and advises the Management and makes recommendations to the Audit Committee and the Board to establish adequate compliance and controls over the organisation. The RMC would also review risk management policies and makes recommendations to Audit Committee and the Board for approval.

##### **iv. Succession planning**

The Board, with the assistance of the Nominating Committee ("NC"), ensures that an appropriate framework and plan for succession within the Company are in place. The Board has also entrusted the Managing Director with the responsibility to review candidates, compensation packages and oversees development for key management positions.

##### **v. Overseeing the development and implementation of a shareholder communication policy for the Company**

The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the company. The Board endeavours to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:

- Bursa Malaysia Securities Berhad's website
- Press releases
- KAB's website
- General Meetings

## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **I. BOARD RESPONSIBILITIES (CONT'D)**

##### **Board Charter (Cont'd)**

##### **vi. Reviewing the adequacy and integrity of management information and internal controls system of the Company.**

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. The Board ensures that there is a sound framework of reporting on internal controls and regulatory compliance. The internal audit function has been outsourced to an independent service provider and the Audit Committee regularly reviews and scrutinises the audit reports. Details relating to the internal control system and review of effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report. The Board meets at least every quarter and more frequently as and when business or operational needs arise. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included. All Board members are supplied with information on a timely manner. Board papers are circulated in advance prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Company's performance and any management proposals which required the approval of the Board.

##### **Code of Conduct and Ethics**

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Company are guided by the Code of Conduct and Ethics. The Code of Ethics sets out the compliance with Legal and Regulatory Requirements and the Company's Policies, Observance of Board Charter, Duty to Act in the Best Interest of the Group, Competence, Integrity, Objectivity, Confidentiality and Fairness. The Code of Conduct and Ethics for Directors is published on the Company's Website. The Whistleblower policy was adopted in Financial Year 2018, which provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The Whistleblower Policy lays down the communication channel available and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination. Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of Audit Committee.

The Board is mindful of the importance of business sustainability, and is committed to conduct its business in a socially responsible manner. The Board promotes good corporate governance through sustainability practices by implementing sustainable corporate strategies and practices. The Company has embraced good corporate responsibility practices in the areas of workplace, community, environment and stakeholders' engagement.

##### **Tenure of Independent Directors**

Practice 4.2 of the MCGG states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of 9 years, justifications from the Board and shareholders' approval at a general meeting are required. An independent director who continues to serve the Board after 12th year of appointment will now acquire shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCGG.

Currently, none of the Independent Directors of KAB has served more than 9 years.



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **I. BOARD RESPONSIBILITIES (CONT'D)**

##### **Time Commitment**

The Company has high expectations of the availability and commitment of its Board members. The Board meets at least quarterly to consider, inter alia all matters relating to the overall control, business performance and strategy, annual business plans and budgets, operational and financial performance reports, quarterly reports, capital expenditure of the Company. Additional meetings will be called as and when necessary.

##### **Supply and Access to Information**

All relevant reports and board papers are distributed to all Directors in advance of the Board Meeting to allow the Directors to have sufficient time to peruse for effective discussion and decision making during the meetings. The Board may obtain all information pertaining to KAB from the Management. All pertinent issues discussed at the meetings in arriving at decisions and conclusions are properly recorded in the discharge of the Board's duties and responsibilities. The Management is also invited to attend Board meetings to give an update of their respective functions and to discuss on issues that may be raised by the Directors.

##### **Board Meeting**

In order to ensure attendance of Board meetings, the meeting dates for the calendar year are set and the Board usually confirms their attendance for each meeting. The attendance record of the Directors for the FY 2017 was satisfactory.

During the FY 2017, the Board held a total of 3 meetings and details of the attendance record of the Board for the financial year ended 31 December 2017 are set out below:

<b>Name</b>	<b>Status of Directorship</b>	<b>Attendance</b>	<b>%</b>
Dato' Lai Keng Onn	Managing Director	3	100
Choong Gaik Seng	Executive Director	3	100
Datin Alicia Chan Pey Kheng <sup>(1)</sup>	Executive Director	N/A	N/A
Lu Chee Leong	Independent Non Executive	3	100
Tong Siut Moi	Independent Non Executive	2	66.67
Ferdous Bin Mahmood	Independent Non Executive	3	100

<sup>(1)</sup> Datin Alicia Chan Pey Kheng was appointed to the Board on 1 March 2018

In the intervals between Board Meetings, for any matters requiring Board's decision, the Board's approvals are obtained through Directors' Written Resolutions ("DWR"). The resolutions passed by way of DWR would also be tabled for notation at the subsequent Board Meeting.

##### **Directors' Continuous Professional Development**

The Company recognises the need to enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Securities on all directors of listed companies. Our newly appointed Executive Director, Datin Alicia Chan Pey Kheng had also attended the MAP in April 2018, which is within 4 months from the date of her appointment on 1 March 2018.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.



Corporate Governance Overview Statement  
cont'd

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**I. BOARD RESPONSIBILITIES (CONT'D)**

**Directors' Continuous Professional Development (Cont'd)**

During the FY 2017, the Directors have attended relevant development and training programme according to their individual needs to enhance their ability in discharging their duties and responsibilities more effectively which are as follows:

Name of Director	Date	Mode of Training	Course Title
Ferdous Bin Mahmood	1 March 2018	Workshop	Boardroom Dynamics - Shaping High Performance Transformation
Dato' Lai Keng Onn	13 October 2017 & 16 October 2017	Workshop	Mandatory Accreditation Programme for Directors of Public Listed Companies
Choong Gaik Seng	13 October 2017 & 16 October 2017	Workshop	Mandatory Accreditation Programme for Directors of Public Listed Companies
Lu Chee Leong	26 April 2017	Workshop	Pathway for Tax Agent License – A Comprehensive Guidance
	14 June 2017	Workshop	Companies Act 2016 : Practical Insights On Compliance
	13 October 2017 & 16 October 2017	Workshop	Mandatory Accreditation Programme for Directors of Public Listed Companies
Tong Siut Moi	07 March 2017	Workshop	Preparing The Sustainability Report & Management Discussion & Analysis – What A Company Secretary Need To Know
	12 September 2017 & 13 September 2017	Seminar	MAICSA Annual Conference 2017 – Companies Act 2016 – A Paradigm Shift
	19 September 2017 & 20 September 2017	Workshop	Corporate Directors Advanced Programme (CDAP) - Financial Language In The Boardroom
	20 November 2017	Workshop	Independent Directors Programme: The Essence Of Independence (A joint programme with Bursa Malaysia Berhad)
	15 March 2018	Briefing	CG Guide Briefing
Datin Alicia Chan Pey Kheng	15 March 2018	Briefing	CG Guide Briefing



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **II. BOARD COMPOSITION**

The Company takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Board currently comprises 6 members of whom 3 members are Independent Non-Executive Directors. Three of the Non-Executive Directors fulfil the criteria of independence, as defined in the ACE Market Listing Requirements of Bursa Securities.

A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth.

#### **Board Diversity**

In FY 2017, the Board comprised of one (1) female Director out of five Directors. In March 2018, Datin Alicia Chan Pey Kheng was appointed as the Executive Director of the Company. With the appointment of Datin Alicia Chan Pey Kheng, the Board currently has two (2) female members, representing more than 30% of the total Board members in accordance with the best practices of MCGG.

#### **Key Roles of Chairman and Managing Director**

There are a clear roles and responsibilities between the Chairman, Managing Director and Non-Executive Directors of the Board.

The Chairman ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.

The Managing Director & Executive Directors formulate strategic vision and business directions for the Company.

The three Independent Directors do not participate in the daily operations and management of the Company and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment. They are pivotal in bringing impartially and scrutiny to the Board's deliberation and decision making process.

#### **Company Secretaries**

In order to ensure effective functioning of the Boards, the Company Secretaries play an advisory role to the Boards in relation to KAB's Constitutions, policies and procedures, and compliance with the relevant legislations, and regulatory update the Board on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries in furtherance of their duties. The Company Secretaries is responsible advising the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge their duties and responsibilities effectively.

The Company Secretaries also ensure that the Boards and the Board Committees function effectively based on the Board Charter and the respective Terms of Reference ("TORs").

The Company Secretaries attend all Board meetings and ensure that the deliberations and decisions made by the Boards are accurately minuted, and the records of the proceedings of the Board meetings are properly kept.

During the FY2017, the Company secretaries have attended relevant development and trainings programmes to enhance their ability in discharging their duties and responsibilities.



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **II. BOARD COMPOSITION (CONT'D)**

##### **Nominating Committee**

The Company places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Nominating Committee always monitors that there is an appropriate balance of expertise and ability. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors.

The Nominating Committee currently comprises entirely of Independent Non-Executive Directors as follows:

##### **Chairman**

Tong Siut Moi (*Independent Non-Executive Director*)

##### **Members**

Ferdaus Bin Mahmood (*Independent Non-Executive Chairman*)

Lu Chee Leong (*Independent Non-Executive Director*)

The Nominating Committee is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Non-Executive director, provided that the Chairman of the Nominating Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nominating Committee brought forward to the Board. In making its recommendation, the Nominating Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

To ensure that the Board has an appropriate balance of expertise and ability, the Nominating Committee would regularly reviews the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors of candidates put forward by the directors and outside consultants. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Director. All assessments and evaluations carried out by the Nominating Committee in discharging its functions have been well documented.

##### **Recruitment Process and Annual Assessment of Directors and Independent Directors**

The Board have put in place the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the Nomination Committee for review and endorsement by the Board.

All nominees and candidates to the Board are first considered by the Nominating Committee taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The Nominating Committee will then endorse the nominees and candidates for approval by the Board.

On key senior management appointment, candidates are first considered by the Nominating Committee where focus is in their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **II. BOARD COMPOSITION (CONT'D)**

##### **Recruitment Process and Annual Assessment of Directors and Independent Directors (Cont'd)**

As the Company was listed in November 2017, the annual evaluation of the board, its committees, independent directors and each individual director was conducted in FY 2018.

Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence and strategic perspective. Thereafter, the evaluation survey questionnaires are compiled into a summary report. The report is presented to the Nominating Committee before tabling to the Board.

For the FY 2017, all the Directors met the expectations of the criteria set out in discharging their duties and responsibilities.

The performance and effectiveness of the Director and the Board were assessed individually and collectively, which include Directors' Self and Peer Evaluation, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in the FY 2017 reported that the Board continues to operate effectively.

##### **Workforce Diversity**

Our male and female employees' ratio shows a distribution of 69:31 as at 31 December 2017. Our total staff stood at 109 as at 31 December 2017.

#### **III. REMUNERATION**

##### **Remuneration of Directors and Key Management**

The Board delegates to the Remuneration Committee the responsibility to consider and approve the remuneration arrangements of the Directors and Senior Management positions in the Company to ensure that the policy is fair and able to attract and maintain talent. The Remuneration Committee ensures that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The Non-Executive Directors' fees will be tabled for the shareholders' approval at the Company's Annual General Meeting scheduled on 21 May 2018.

The Remuneration Committee is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.

## Corporate Governance Overview Statement cont'd

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **III. REMUNERATION (CONT'D)**

##### **Remuneration of Directors and Key Management (Cont'd)**

The Remuneration Committee comprised exclusively of Independent Non-Executive Directors and is chaired by Ms Tong Siut Moi.

##### **Chairman**

Tong Siut Moi (*Independent Non-Executive Director*)

##### **Members**

Lu Chee Leong (*Independent Non-Executive Director*)

Ferdaus Bin Mahmood (*Independent Non Executive Chairman*)

The remuneration of non-executive directors proposed is recommended by the Remuneration Committee before tabling to the Board for further recommendation to the Shareholders' for approval.

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. The details of the nature and amount of each major element of the directors' remuneration for the FY 2017 are as follows:

<b>Name</b>	<b>Designation</b>	<b>Salaries</b>	<b>Bonus</b>	<b>Fees</b>	<b>Benefit-in-kind</b>	<b>Others</b>	<b>Total</b>
Dato' Lai Keng Onn	Managing Director	795,200	300,000	0	31,250	180,000	1,306,450
Choong Gaik Seng	Executive Director	132,160	40,050	0	11,042	14,400	197,652
Ferdaus Bin Mahmood	Independent Non-Executive Chairman	0	0	25,000	0	0	25,000
Lu Chee Leong	Independent Non-Executive Director	0	0	25,000	0	0	25,000
Tong Siut Moi	Independent Non-Executive Director	0	0	25,000	0	0	25,000

##### **Remarks:**

1) *Employer's SOCSO are not included in the above figures.*



## Corporate Governance Overview Statement cont'd

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

#### **I. Audit Committee**

##### **Financial Reporting**

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Company's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts. The Audit Committee assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and ACE Market Listing Requirements of Bursa Securities.

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The Audit Committee reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

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

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance of the Company via all relevant disclosures and announcements made.

The Audit Committee assists the Board to oversee and scrutinise the process and quality of financial reporting, which includes monitoring and reviewing the integrity of the financial statements and appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as compliance with the relevant accounting standards.

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

The Audit Committee performed an annual assessment on the performance, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the 4 key areas:

- Quality of service;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity

Non-audit fees amounting to RM154,250 were paid to the Company auditors in the FY 2017 in respect of the reporting accountant fees for the Company's Initial Public Offering exercise.

KAB has established transparent and appropriate relationship with the External Auditors throughout the Audit Committee. The Audit Committee had obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors.

The Audit Committee comprises:

##### **Chairman:**

Lu Chee Leong (*Independent Non-Executive Director*)

##### **Members:**

Tong Siut Moi (*Independent Non-Executive Director*)

Ferdous Bin Mahmood (*Independent Non-Executive Chairman*)

## Corporate Governance Overview Statement cont'd

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **I. Audit Committee (Cont'd)**

##### **Assessment of Suitability and Independence of External Auditors (Cont'd)**

Attendance of Members of the Audit Committee at meetings held during the FY 2017 is as follows:

<b>COMMITTEE MEMBERS</b>	<b>ATTENDANCE AT AC MEETINGS</b>	<b>%</b>
Lu Chee Leong	1	100
Tong Siut Moi	1	100
Ferdaus Bin Mahmood	1	100

The Audit Committee had met with the External Auditors once in FY 2017.

The Audit Committee's terms of reference include the review of and deliberation on the Company's financial statements, the audit findings of the external auditors arising from their audit of the Company's financial statements and the audit findings and issues raised by internal audit together with the Management's responses thereon.

External Auditors, Internal Auditors, Executive Directors and members of senior management attend the meetings at the invitation of the Audit Committee.

For details on the functions, composition, membership and summary of works of the Audit Committee in the FY 2017, please refer to the Audit Committee Report in this Annual Report.

#### **II. Risk Management and Internal Control**

The Board is committed to maintain a good risk management framework and sound system of internal control within the Company. The Company has an embedded risk management framework process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Company.

The Audit Committee assists the Board in discharging these responsibilities by overseeing the risk management framework and advises the Board on areas of high risk encountered by the Company as well as the adequacy of compliance and controls. The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The internal audit function of the Company is outsourced to an independent professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control.

The details of the internal control system are set out in the Statement of Risk Management and Internal Control in this Annual Report.



## Corporate Governance Overview Statement cont'd

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

#### **I. Communication with Stakeholders**

##### **TIMELY AND HIGH QUALITY DISCLOSURE**

###### **Corporate Disclosure Policy**

The Board has set up pertinent corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner.

###### **Dissemination of Information**

The Company exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Senior Management with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

In addition, the Company's website incorporates an Investor Relations section where the annual report and interim financial results would be captured. Directors' Report and Audited Financial Statements, Annual Reports, Interim Financial Statements together with the Company's announcements and other information about the Company are available on our website (<http://www.asastera.com>).

###### **Communication and Engagement with Shareholders**

The Company communicates with its shareholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed of the Company's performance.

Shareholders, investors and members of the public who wish to contact the Company on any enquiry, comment or proposal can channel them through e-mail at [asastera@asastera.com](mailto:asastera@asastera.com).

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results at Bursa Securities' website ([www.bursamalaysia.com](http://www.bursamalaysia.com)) and the Company's website ([www.asastera.com](http://www.asastera.com)).



## Corporate Governance Overview Statement cont'd

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **II. Conduct of General Meeting**

##### **Shareholders Participation at General Meeting**

In addition to communicating and engaging shareholders through annual reports, annual general meetings, continuing and timely disclosures of information, the Company welcomes dialogues with shareholders and investors to discuss issues and obtain feedback.

The Notice of Annual General Meeting is issued to the shareholders together with this Annual Report 2017 28 days before the Annual General Meeting. This would accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly. All Directors of the Company will be present at the Company's General Meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provides time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors will also be present at the annual general meeting to answer any questions that the shareholders may ask. The shareholders will also be able to meet with the Directors and Management after the meeting while they mingle with the shareholders, proxies and corporate representatives.

##### **Poll Voting**

In line with the ACE Market Listing Requirements of Bursa Securities, all resolutions put to general meetings will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meetings.

### **STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE**

The Company is committed to achieve high standards of corporate governance throughout the Company and to the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for the financial year ended 31 December 2017, the Company has substantially complied to the Principles and Best Practices as set out in the Code.

This Statement is approved by the Board of Directors at the Board Meeting held on 19 March 2018.



## AUDIT COMMITTEE REPORT

The Board presents the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions during the financial year ended 31 December 2017.

### COMPOSITION

The current composition of the Audit Committee is as follows:

#### Chairman

Lu Chee Leong Independent Non-Executive Director

#### Members

Ferdaus Bin Mahmood Independent Non-Executive Chairman

Tong Siut Moi Independent Non-Executive Director

All of the members of the Audit Committee are Independent Non-Executive Directors and satisfied the test of independence and met the requirements of the Malaysian Code of Corporate Governance.

The performance of the Audit Committee and each of its members were reviewed by the Nominating Committee on 19 March 2018 and was satisfied that the Audit Committee is able to discharge its functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee, thereby supporting the Board in ensuring appropriate corporate governance standards within the Company.

### TERMS OF REFERENCE

The terms of reference for the Audit Committee is available for reference on the Company's website at <http://www.asastera.com>.

### Meetings

Following the Company's listing on 17 November 2017, the Audit Committee met once in 2017. The attendance of the Audit Committee members during the financial year is as follows:-

Audit Committee Members	Attendance at the Audit Committee Meeting
Lu Chee Leong (Chairman)	1/1
Ferdaus Bin Mahmood	1/1
Tong Siut Moi	1/1

The External Auditors was present at the Audit Committee Meeting held in the financial year 2017. The External Auditors are encouraged to raise with the Audit Committee any matters they considered important to bring to the Audit Committee's attention. For the financial year 2017, one private session was held between the Audit Committee and the External Auditors without the presence of the Executive Board members and management staff.



## Audit Committee Report cont'd

### **TERMS OF REFERENCE (CONT'D)**

#### **Meetings (Cont'd)**

The Chairman of the Audit Committee also sought information on the communication flow between the external auditors and the Management which was necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

Notices of the Audit Committee Meeting had been sent to the Audit Committee Members at least one (1) week in advance. The relevant meeting papers would be compiled for dissemination to the Audit Committee by email and/or hand.

All deliberations during the Audit Committee Meeting were duly minuted and tabled for confirmation at the next Meeting and subsequently presented to the Board for notation.

The Chairman of the Audit Committee presented the Audit Committee's recommendations together with the respective rationale to the Board for approval of the unaudited quarterly financial results. As and when necessary, the Chairman of the Audit Committee would convey to the Board matters of significant concern raised by the internal or external auditors.

#### **Summary of works**

The summary of works undertaken by the Audit Committee since its establishment comprised the following:-

##### **1. Overview of Financial Performance and Reporting**

- Reviewed the unaudited quarterly financial results for the quarters ended 30 June 2017 and 30 September 2017 and recommended the same for the Board's approval; and
- Reviewed the Company's compliance with the accounting standards and relevant regulatory requirements.

##### **2. Oversight of External Auditors**

- Reviewed Audit Planning Memorandum prepared by the External Auditors for the financial year ended 31 December 2017, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Company;
- Met with the external auditors once without the presence of the Executive Directors and Management; and
- Received and discussed with the External Auditors on the Illustrative Auditors' Report as presented by the External Auditors and noted that "Key Audit Matters" had been introduced and it would form part of the Auditor's report in the Audited Financial Statement.

##### **3. Oversight of Internal Auditors**

- Reviewed the suitability, experiences and resources of an independent firm and the experience of the supervisory and professional staff assigned, recommended the appointment of the independent firm for outsourcing of the internal audit function of the Company for the Board's approval.

##### **4. Oversight of Risk management and Internal Control matters**

- Discussed the establishment of a risk management framework and risk register.



## Audit Committee Report cont'd

### **INTERNAL AUDIT FUNCTION**

#### **1. Appointment**

The Company has appointed an outsourced internal audit services provider to carry out the internal audit function, namely Talent League Sdn. Bhd., providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Company.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

#### **2. Summary of Internal Audit Works for the Financial Year 2017**

No internal audit work was performed during the financial year 2017 as the Company was only listed on 17 November 2017 and the outsourced internal auditor, Talent League Sdn Bhd, was appointed on the same day at the Board Meeting held on 17 November 2017.

#### **3. Total costs incurred for the financial year 2017**

No internal audit costs were incurred for the financial year 2017.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## 1. INTRODUCTION

The Board is pleased to present its Statement of Risk Management and Internal Control ("Statement") which outlines the nature and scope of the risk management and internal control of the Company Group for the financial year ended 31 December 2017. This Statement on Risk Management and Internal Control is issued in line with the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad on the status of the Company's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance 2012 ("the Code"). The Board is committed to maintaining a sound system of internal control of the Company and is pleased to provide the following statements, which outlines the nature and scope of internal control of the Company during the current financial year.

## 2. BOARD RESPONSIBILITIES

The Board of Directors recognises the importance of sound internal controls and risk management in safeguarding the assets of the Company. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.

The Company has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.

## 3. RISK MANAGEMENT FRAMEWORK

The Board has established and developed an Enterprise Risk Management ("ERM") framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Company;
- identify, assess, evaluate and manage the various principal risks which affect the Company's business;
- create a risk-awareness culture and risk ownership for more effective management of risks;
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Company is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the Board at the scheduled board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Company and has been in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Company's risk management continues to be driven by the Executive Directors and assisted by the Management. The Executive Directors and Management are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage risk. These processes are embedded and carried out as part of the Company's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary. In order to ensure the objectivity of the review of the risk management and systems of internal controls in the Company, the Audit Committee is instituted by the Board to undertake this role.



## Statement of Risk Management and Internal Control cont'd

### **3. RISK MANAGEMENT FRAMEWORK (CONT'D)**

In conducting its review, the process is regularly reviewed by the Board via the Audit Committee ("AC") at the quarterly Board meeting with the assistance of the outsourced independent consulting firm (Talent League Sdn Bhd) to further review and improve the existing internal control processes within the Company. The Company will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the business changes and competitive environment.

The Management further supplements the Audit Committee review on control and risk assessment when presenting the quarterly financial performance and results to the Audit Committee and the Board including pertinent explanations on the performance of the Company. With management consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with management representations on operations as well as deliberates the Annual Report and audited financial statements before recommending these documents to the Board for approval.

### **4. INTERNAL CONTROL FRAMEWORK**

The other key elements of the Company's internal control systems are described below:

- Monthly monitoring of operational results against the budget for the Board's review and discussion;
- Regular and comprehensive information provided to the Board, covering financial performance and key business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational efficiencies; and
- Regular management meeting with all key personnel of respective department to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Company that may have material impact against the operations of the Company for the financial year ended 31 December 2017.

### **5. MANAGEMENT WITH RESPONSIBILITIES AND ASSURANCE**

In accordance to the Bursa Securities' Guidelines, the Management is responsible to the Board for identifying risks relevant to the business of the Company's objectives and strategies; implementing and maintaining sound systems of risk management and internal controls; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Company's achievement of its objective and performance.

In producing this Statement, the Board has received assurance from the Executive Directors that, to the best of their knowledge that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects.

### **6. BOARD ASSURANCE AND LIMITATION**

The Board confirms that the process for identifying, evaluating and managing significant risks in the Company is on-going. For the financial year under review, there was no material losses resulting from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective and efficient to enable the Company to achieve its business objectives.

While, the Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that the risk management and internal controls systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal controls and risk management within the Company can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

This Statement is issued in accordance with a resolution of the Directors dated 19 March 2018.



## Statement of Risk Management and Internal Control cont'd

### **7. CONCLUSION**

The Board recognises the necessity to monitor closely the adequacy and effectiveness of the Company's system of internal controls and risk management, taking into consideration the fast-changing business environment. Although the Board is of the view that the present risk management and internal control is adequately in place to safeguard the Company's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.

### **8. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS**

The external auditors have reviewed this Statement of Internal Control. Their review has been conducted to assess whether the Statement of Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process that the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Company.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of internal control of the Company.



## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF INITIAL PUBLIC OFFERING PROCEEDS

The listing of the Company's entire issued share capital of 320,000,000 shares on the ACE Market of Bursa Securities was completed on 17 November 2017. The Company undertook a public issue of 80,000,000 new ordinary shares at the issue price of RM0.25 per share in relation to the listing ("Initial Public Offering"). The total proceeds received from the Initial Public Offering was RM20,000,000. The status of utilisation of the proceeds for the financial year ended 31 December 2017 is as follows:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation <sup>(1)</sup> RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation upon listing
Working capital	12,100	(513)	11,587	Within 24 months
Capital expenditure	2,200	–	2,200	Within 18 months
Setting up a proposed new branch office in Johor Bahru and an additional office in Kuala Lumpur	600	(289) <sup>(2)</sup>	311	Within 12 months
Repayment of bank borrowings	1,600	–	1,600	Within 12 months
Estimated listing expenses	3,500	(3,340) <sup>(3)</sup>	160	Immediate
<b>Total</b>	<b>20,000</b>	<b>(4,142)</b>	<b>15,858</b>	

**Notes:**

<sup>(1)</sup> Actual utilisation as at 31 December 2017.

<sup>(2)</sup> Expenditure incurred for setting up an additional office in Kuala Lumpur prior to the listing of the Company on the ACE Market which was funded using internally generated funds and was reimbursed from the proceeds obtained from the initial public offering of the Company.

<sup>(3)</sup> Prepaid listing expenses which was funded using internally generated funds and was reimbursed from the proceeds obtained from the initial public offering of the Company.

### 2. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no Options, Warrants or Convertible Securities issued by the Company during the financial year ended 31 December 2017.

### 3. IMPOSITION OF SANCTIONS AND/OR PENALTIES

No sanctions and/or penalties were levied on the Company during the year.

### 4. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Company by the external auditors for the financial year ended 31 December 2017 amounted to RM80,000.

The amount of the non-audit fees incurred for services rendered by the external auditors for the financial year ended 31 December 2017 amounted to RM154,250 for the Company. The non-audit services were mainly for the services rendered by the external auditors in relation to the Company's Initial Public Offering.



Additional Compliance Information  
cont'd

**5. MATERIAL CONTRACTS**

There are no material contracts that the Company entered into during the financial year which involved the interest of the Director and major shareholders.

**6. CONTRACTS RELATING TO LOANS**

There were no contracts relating to loans made by the Company during the financial year under review.



## STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to ensure that financial statements for each financial year which give a true and fair view of the financial position as at the end of the financial year and the financial performance of the Company for the financial year.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Company maintains adequate accounting records to safeguard the assets of the Company.



# Financial Statements

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## DIRECTORS' REPORT

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

### **PRINCIPAL ACTIVITIES**

The company is principally involved in the provision of electrical and mechanical engineering services. There were no significant changes in the nature of these activities during the financial year.

### **CHANGE OF COMPANY NAME**

On 26 May 2017, the company was converted to a public limited company. Accordingly its name changed from *Kejuruteraan Asastera Sdn. Bhd.* to *Kejuruteraan Asastera Berhad.*

### **FINANCIAL RESULTS**

	<b>RM</b>
Profit attributable to: Owners of the company	6,775,773

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In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### **DIVIDEND**

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of current financial year.

### **MOVEMENTS ON RESERVES AND PROVISIONS**

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

### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the company issued:

- (a) 220,000,000 new ordinary shares by way of bonus issue at an issue price of RM0.05 each; and
- (b) 80,000,000 new ordinary shares at an issue price of RM0.25 each.

There was no issue of debentures by the company during the financial year.

### **OPTIONS**

No option has been granted during the financial year to take up unissued shares of the company.



## Directors' Report cont'd

### **DIRECTORS**

The directors in office since the date of the last report are:

Dato' Lai Keng Onn	
Choong Gaik Seng	
Ferdaus Bin Mahmood	(Appointed on 30 May 2017)
Lu Chee Leong	(Appointed on 30 May 2017)
Tong Siut Moi	(Appointed on 30 May 2017)
Datin Alicia Chan Pey Kheng	(Appointed on 01 March 2018)

### **DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the company during the financial year are as follows:

	----- No. of Ordinary Shares -----			
	Balance 01.01.2017/ Date of appointment	Bought	Sold	Balance 31.12.2017
Dato' Lai Keng Onn	950,000	195,050,000	–	196,000,000
Choong Gaik Seng	50,000	11,950,000	–	12,000,000
Ferdaus Bin Mahmood	–	100,000	–	100,000
Lu Chee Leong	–	100,000	–	100,000

The other directors in office at the end of the financial year had no interest in shares in the company during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (*other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the Directors' Remuneration section below and Note 23 to the financial statements or a fixed salary of a full time employee of the company*) by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the company or any other body corporate.



## Directors' Report cont'd

### **DIRECTORS' REMUNERATION**

	<b>2017 RM</b>	<b>2016 RM</b>
Executive Directors' remuneration - other emoluments	1,461,810	1,375,380
Non-executive Directors' remuneration - fees	75,000	-
<b>Total directors' remuneration</b>	<b>1,536,810</b>	<b>1,375,380</b>

Included in the analysis above is remuneration for the directors of the company in accordance with the requirements of the Companies Act 2016.

### **OTHER STATUTORY INFORMATION**

Before the financial statements of the company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was necessary; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the company necessary to write off any bad debts or to make any allowance for doubtful debts or the values attributed to current assets misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the company for the current financial year; and
- (b) no charge has arisen on the assets of the company which secures the liabilities of any other person nor has any contingent liability arisen in the company.

No contingent or other liability 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, in the opinion of the directors, will or may affect the ability of the company to meet its obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.



Directors' Report  
cont'd

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in *Note 31* to the financial statements.

**SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR**

The subsequent event after the financial year is disclosed in *Note 32* to the financial statements.

**AUDITORS**

The details of the auditors' remuneration for the financial year are disclosed in *Note 20* to the financial statements.

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

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

**DATO' LAI KENG ONN**  
Director

**CHOONG GAIK SENG**  
Director

Kuala Lumpur,  
Date: 19 March 2018



## STATEMENT BY DIRECTORS

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

In the opinion of the directors, the financial statements set out on pages 53 to 87 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 exhibit a true and fair view of the financial position of the company as at 31 December 2017 and of the financial performance and cash flows of the company for the year ended on that date.

Signed in Kuala Lumpur on 19 March 2018

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

**DATO' LAI KENG ONN**

**CHOONG GAIK SENG**

## STATUTORY DECLARATION

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

I, Lim Peng Hock, being the officer primarily responsible for the financial management of Kejuruteraan Asastera Berhad (*formerly known as Kejuruteraan Asastera Sdn Bhd*), do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 53 to 87 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.

Subscribed and solemnly  
declared in Kuala Lumpur on 19 March 2018

**LIM PENG HOCK**

Before me:

**KAPT. (B) JASNI BIN YUSOF**  
**W465**

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

To the members of Kejuruteraan Asastera Berhad  
(formerly known as Kejuruteraan Asastera Sdn. Bhd.)  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad (formerly known as Kejuruteraan Asastera Sdn Bhd), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent 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.

### 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 company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the company. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.



## Independent Auditors' Report cont'd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key Audit Matters (Cont'd)

Risk area and rationale	Our response
<p><b>Trade Receivables</b> <b>(Note 7 to the financial statements)</b></p> <p>As at 31 December 2017, the company has outstanding trade receivables of approximately RM37.55 million.</p> <p>As the trade receivables represents 42% of the total assets of the company and is material, we considered this as a key audit matter.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the company's control over the trade receivables collection processes and made inquiries regarding the action plans to recover the overdue amounts;</li> <li>- reviewed the ageing analysis of trade receivables and test the reliability thereof;</li> <li>- reviewed subsequent collections from trade receivables; and</li> <li>- evaluated the reasonableness on the assessment of impairment loss to be provided on the trade receivables performed by the management.</li> </ul>
<p><b>Revenue from Contract Works</b> <b>(Note 18 to the financial statements)</b></p> <p>The company recognised revenue for contract works based on the stage of completion. The stage of completion of the contract works is determined by the proportion that the actual contract costs incurred for work performed to-date to the estimated total contract costs, which includes estimates and judgements by the directors on costs to be incurred on the contracts.</p> <p>There is a risk that the actual contract costs are different to those estimated resulting in material variance in the amount of profit or loss recognised to date and in the current financial year.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>- tested the company's controls by checking for evidence of reviews and approvals over contract cost, setting budgets and authorising and recording of actual costs incurred;</li> <li>- examined contract documentations and discussed the status of the contracts with management and compared the progress claims against the stage of completion of the contracts to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;</li> <li>- agreed a sample of costs incurred to-date to invoices and/or progress claims.</li> </ul>

## Independent Auditors' Report cont'd

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

#### **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 company and our auditors' report thereon.

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

In preparing the financial statements of the company, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



## Independent Auditors' Report cont'd

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

### **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 content for this report.

**SIEW BOON YEONG & ASSOCIATES**

AF: 0660

Chartered Accountants

**DATO' SIEW BOON YEONG**

01321/07/2018 J

Chartered Accountant

Kuala Lumpur,  
Date: 19 March 2018



# STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 RM	2016 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	9,368,568	6,372,813
Investment in a subsidiary company	6	–	–
		9,368,568	6,372,813
<b>CURRENT ASSETS</b>			
Trade receivables	7	37,552,251	34,784,343
Other receivables, deposits and prepayments	8	1,643,262	1,270,401
Amount owing by contract customers	9	13,515,262	12,717,005
Fixed deposits with licensed banks	10	16,243,790	4,113,084
Cash and bank balances		11,902,017	8,904,935
		80,856,582	61,789,768
<b>TOTAL ASSETS</b>		90,225,150	68,162,581
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	32,000,000	1,000,000
Retained profits		10,899,451	15,123,678
<b>TOTAL EQUITY</b>		42,899,451	16,123,678
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase payables	12	708,912	696,899
Term loans	13	5,187,632	4,345,381
Deferred tax liabilities	14	77,795	45,851
		5,974,339	5,088,131
<b>CURRENT LIABILITIES</b>			
Trade payables	15	21,479,971	26,095,531
Other payables and accruals	16	929,469	770,764
Amount owing to contract customers	9	8,200,982	9,040,414
Hire purchase payables	12	354,813	302,710
Short term borrowings	17	9,155,382	9,871,008
Current tax liabilities		1,230,743	870,345
		41,351,360	46,950,772
<b>TOTAL LIABILITIES</b>		47,325,699	52,038,903
<b>TOTAL EQUITY AND LIABILITIES</b>		90,225,150	68,162,581

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



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 RM	2016 RM
REVENUE	18	114,551,857	93,123,796
COST OF SALES		(92,588,939)	(77,199,747)
GROSS PROFIT		21,962,918	15,924,049
OTHER OPERATING INCOME		469,841	459,201
ADMINISTRATIVE EXPENSES		(11,031,119)	(6,234,666)
PROFIT FROM OPERATIONS		11,401,640	10,148,584
FINANCE COSTS	19	(1,216,942)	(1,349,421)
PROFIT BEFORE TAXATION	20	10,184,698	8,799,163
INCOME TAX EXPENSE	21	(3,408,925)	(2,243,927)
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,775,773	6,555,236
PROFIT/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the company		6,775,773	6,555,236
EARNINGS PER SHARE (Sen)			
- Basic	22	2.71	2.73

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



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Note	Non-distributable Share capital RM	Distributable Retained profits RM	Total RM
Balance at 1 January 2016		1,000,000	9,618,442	10,618,442
<b><u>Transactions with owners of the company</u></b>				
Dividends	24	–	(1,050,000)	(1,050,000)
Total comprehensive income for the year		–	6,555,236	6,555,236
Balance at 31 December 2016/1 January 2017		1,000,000	15,123,678	16,123,678
<b><u>Transactions with owners of the company</u></b>				
Issuance of bonus shares	11	11,000,000	(11,000,000)	–
Issuance of shares	11	20,000,000	–	20,000,000
Total transactions with owners		31,000,000	(11,000,000)	20,000,000
Total comprehensive income for the year		–	6,775,773	6,775,773
Balance at 31 December 2017		32,000,000	10,899,451	42,899,451

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



## STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,184,698	8,799,163
<i>Adjustments for:</i>		
Bad debts written off	–	156,615
Depreciation	633,817	721,040
Gain on disposal of investment in a subsidiary company	–	(290,000)
Listing expenses	3,422,486	–
Loss/(Gain) on disposal of property, plant and equipment	14,001	(50,499)
Interest expenses	1,216,942	1,349,421
Interest income	(292,715)	(102,060)
<i>Operating profit before working capital changes</i>	15,179,229	10,583,680
Net (increase)/decrease in amount owing by/to contract customers	(1,637,689)	4,953,445
Increase in receivables	(3,140,769)	(5,760,474)
(Decrease)/increase in payables	(4,456,856)	2,642,608
<i>Cash generated from operations</i>	5,943,915	12,419,259
Interest paid	(1,216,942)	(1,349,421)
Interest received	292,715	102,060
Tax paid	(3,016,583)	(1,821,016)
<i>Net cash generated from operating activities</i>	2,003,105	9,350,882
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (Note A)	(3,265,572)	(402,256)
Proceeds from disposal of investment in a subsidiary company	–	350,000
Proceeds from disposal of property, plant and equipment	–	299,600
<i>Net cash (used in)/generated from investing activities</i>	(3,265,572)	247,344

Statement of Cash Flows  
cont'd

	2017 RM	2016 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	–	(1,050,000)
Fixed deposits pledged as securities	(12,130,706)	(2,995,344)
Drawdown of term loans	5,567,168	–
Proceeds from issuance of shares	20,000,000	–
Repayment to a director	–	(142,143)
Repayment of bankers' acceptances	–	(552,716)
Repayment of bank factoring	(1,041,232)	(1,821,370)
Repayment of hire purchase payables	(313,884)	(568,965)
Repayment of term loans	(3,617,916)	(634,970)
Payment of listing expenses	(3,422,486)	–
<i>Net cash generated from/(used in) financing activities</i>	5,040,944	(7,765,508)
<i>Net increase in cash and cash equivalents</i>	3,778,477	1,832,718
<i>Cash and cash equivalents at beginning of the year</i>	5,294,705	3,461,987
<i>Cash and cash equivalents at end of the year</i>	9,073,182	5,294,705

**NOTES TO STATEMENT OF CASH FLOWS:**

(A) Purchase of property, plant and equipment		
Aggregate cost	3,643,572	647,256
Less: Hire purchase financing	(378,000)	(245,000)
	3,265,572	402,256
(B) Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	16,243,790	4,113,084
Cash and bank balances	11,902,017	8,904,935
Bank overdrafts	(2,828,835)	(3,610,230)
	25,316,972	9,407,789
Less: Fixed deposits pledged as securities	(16,243,790)	(4,113,084)
	9,073,182	5,294,705

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



# NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2017

## 1. **PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The company is principally involved in the provision of electrical and mechanical engineering services. There were no significant changes in the nature of these activities during the financial year.

The company is incorporated and domiciled in Malaysia. On 26 May 2017, the company was converted to a public limited company. Accordingly its name changed from *Kejuruteraan Asastera Sdn. Bhd.* to *Kejuruteraan Asastera Berhad*. On 17 November 2017, the company was admitted to the ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the company is Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The address of the principal place of business of the company is No. 18, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia (RM), which is also the company's functional currency.

## 2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

On 1 January 2017, the company has adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2017:

Amendments to MFRS 107 Statement of Cash Flows- Disclosure Initiative

Amendments to MFRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above MFRSs and Amendments to MFRSs did not have any material impacts to the financial statements of the company.



## Notes to the Financial Statements cont'd

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### **MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretations that have been issued but are not yet effective**

The company has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but not yet effective:

<b>MFRSs/Amendments to MFRSs/IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 - Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 - Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 - Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced



## Notes to the Financial Statements cont'd

### **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

#### **MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretations that have been issued but are not yet effective (Cont'd)**

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the company except as discussed below:

#### **MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)**

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The company does not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 9 requires the company to record expected credit losses on loans and receivables, either on 12-months or lifetime basis. The company expects to apply the simplified approach and record lifetime expected losses on trade receivables. Upon application of the expected credit losses loss model, the company expects a significant impact on to equity due to unsecured nature of the loans and receivables, but the company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The company plans to adopt the new standard on the required effective date without restating comparative information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

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

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The company expects the following impact upon adoption of MFRS 15:

#### ***Variable consideration***

Some contracts with customers provide a right to return, trade discounts or volume rebates. Currently, the company recognises revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the company defers revenue recognition until uncertainty resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception. MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The company continues to assess individual contract to determine the estimated variable consideration and related constraint. The company expects that application of the constraint may result in more revenue being deferred than is under the current MFRS.



## Notes to the Financial Statements cont'd

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### **MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretations that have been issued but are not yet effective (Cont'd)**

##### **MFRS 15 Revenue from Contracts with Customers (Cont'd)**

###### ***Right of return***

The company currently recognises provision for the net margin arising from expected returns. Under MFRS 15, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The company expects to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under MFRS 15.

The company plans to adopt the new standard on the required effective date using the full retrospective approach. The company is currently performing a detailed analysis under MFRS 15 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

##### **MFRS 16 Leases**

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

### 3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

#### **(a) Property, Plant And Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

	%
Freehold building	2
Leasehold building	2
Furniture, fittings and equipment	10 - 20
Motor vehicles	20
Renovation	20

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the group. The group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

#### (c) Financial Instruments

Financial instruments are recognised in the statement of financial position when the company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

#### (i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- **Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the company's rights to receive payment is established.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Financial Instruments (Cont'd)

##### (i) Financial Assets (Cont'd)

- **Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- **Loans and Receivables**

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- **Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the company's rights to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

A financial asset is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Financial Instruments (Cont'd)

##### (ii) Financial Liabilities

Financial liabilities are recognised in the statement of financial position when, and only when the company has become a party to the contractual provision of the financial instrument.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

- **Financial Liabilities at Fair Value Through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges or a derivative that is a financial guarantee contract.

- **Other Financial Liabilities**

Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

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

##### (iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (d) Impairment

##### (i) Impairment Of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Impairment (Cont'd)

##### (i) Impairment Of Financial Assets (Cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

##### (ii) Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Amount Owning By/To Contract Customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to contract customers.

#### (f) Hire Purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase cost and the total instalments payable less undue interests under hire purchase agreements are recorded as liabilities. The interests are allocated to profit or loss over the year of the respective agreements based on the remaining balance of liability for each period during the hire purchase term. Assets acquired under hire purchase arrangements are depreciated over the expected useful lives of equivalent owned assets.

#### (g) Provisions For Liabilities

Provisions for liabilities are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### (i) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - a. controls, is controlled by, or is under common control with, the entity (this includes holding company, subsidiary companies and fellow subsidiary companies);
  - b. has an interest in the entity that gives it significant influence over the entity; or
  - c. has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venture;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company either directly or indirectly. The key management personnel includes all the directors of the company and certain members of senior management and chief executive officers of the company.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Revenue Recognition

- (i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the company's activities. Revenue from sale of goods and services are recognised upon delivery of goods and customers' acceptance and services are performed, and where applicable, net of returns and trade discounts.
- (ii) Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on total costs incurred to date over the estimated total project costs.

- (iii) Interest income is recognised on an accrual basis using the effective interest method.

#### (k) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.



## Notes to the Financial Statements cont'd

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Employee Benefits

##### (i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

##### (ii) Defined Contribution Plan

The company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions has been paid, the company has no further financial obligations.

#### (m) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

#### (n) Cash And Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (o) Earnings Per Ordinary Share

The company 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 owners 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 and loss attributable to owners and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (p) Operating Segments

An operating segment is a component of the company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.



## Notes to the Financial Statements cont'd

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

#### (a) Depreciation Of Property, Plant And Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (c) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

##### i. Contract Revenue

Construction contracts accounting requires variation claims only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

##### ii. Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the probability of the contract on an individual basis at any particular time.

Notes to the Financial Statements  
cont'd

5. **PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are as follows:

	Freehold building RM	Leasehold building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
<b>Cost</b>						
At 1 January 2016	688,750	4,371,905	398,529	2,712,822	99,780	8,271,786
Additions	-	-	237,068	410,188	-	647,256
Disposal	-	-	-	(1,003,000)	-	(1,003,000)
At 31 December 2016/1 January 2017	688,750	4,371,905	635,597	2,120,010	99,780	7,916,042
Additions	2,800,600	-	95,330	565,692	181,950	3,643,572
Disposal	-	-	-	(114,214)	-	(114,214)
At 31 December 2017	3,489,350	4,371,905	730,927	2,571,488	281,730	11,445,400
<b>Accumulated depreciation</b>						
At 1 January 2016	27,550	78,838	204,660	1,174,146	90,894	1,576,088
Charge for the year	13,775	87,249	58,626	555,299	6,091	721,040
Disposal	-	-	-	(753,899)	-	(753,899)
At 31 December 2016/1 January 2017	41,325	166,087	263,286	975,546	96,985	1,543,229
Charge for the year	36,110	87,438	72,558	422,731	14,980	633,817
Disposal	-	-	-	(100,214)	-	(100,214)
At 31 December 2016	77,435	253,525	335,844	1,298,063	111,965	2,076,832
<b>Net carrying amount</b>						
At 31 December 2017	3,441,915	4,118,380	395,083	1,273,425	169,765	9,368,568
At 31 December 2016	647,425	4,205,818	372,311	1,144,464	2,795	6,372,813



## Notes to the Financial Statements cont'd

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The strata title of the freehold building has yet to be issued by the relevant authority.

The freehold and leasehold buildings have been pledged to a licensed bank as securities for credit facilities granted to the company as disclosed in *Note 13* and *Note 17*.

The net carrying amount of property, plant and equipment includes the following assets held under hire purchase agreements:

	<b>2017 RM</b>	<b>2016 RM</b>
Motor vehicles	1,184,221	1,013,468

### 6. INVESTMENT IN A SUBSIDIARY COMPANY

	<b>2017 RM</b>	<b>2016 RM</b>
Unquoted shares in Malaysia, at cost		
At 1 January	–	60,000
Disposals	–	(60,000)
At 31 December	–	–

#### **Disposal of subsidiary company**

In previous year, the company disposed of its entire shareholding in Ascension Engineering Sdn. Bhd. ("AESB"). As a result of the disposal, AESB ceased to be the subsidiary company of the company.

The effects of disposal of AESB to the financial position of the company are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Consideration paid	–	350,000
Less: Cost of investment	–	(60,000)
Gain on disposal of investment in a subsidiary company	–	290,000

## Notes to the Financial Statements cont'd

### 7. TRADE RECEIVABLES

The company's normal trade credit terms ranged from 30 to 90 days (2016: 30 to 90 days).

Included in trade receivables are retention sums of RM14,381,381 (2016: RM11,222,492). The retention sums are unsecured, interest-free and are expected to be collected as follows:

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Within 1 year	6,291,102	4,151,233
Between 1 - 2 years	3,343,056	1,978,059
Between 2 - 3 years	3,645,864	3,414,905
Between 3 - 5 years	1,101,359	1,678,295
	<hr/> 14,381,381	<hr/> 11,222,492

### 8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Other receivables	798,900	1,000,190
Deposits	671,362	270,211
Prepayments	173,000	-
	<hr/> 1,643,262	<hr/> 1,270,401

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

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Aggregate costs incurred to-date	243,315,437	175,392,350
Add: Attributable profits	63,403,232	42,013,426
	<hr/> 306,718,669	<hr/> 217,405,776
Less: Progress billings	(301,404,389)	(213,729,185)
	<hr/> 5,314,280	<hr/> 3,676,591
Represented by:		
Amount owing by contract customers	13,515,262	12,717,005
Amount owing to contract customers	(8,200,982)	(9,040,414)
	<hr/> 5,314,280	<hr/> 3,676,591

### 10. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks are pledged to licensed banks for banking facilities granted to the company.

The fixed deposits with licensed banks earn effective interest rate at 2.65% (2016: 2.65%) per annum.



## Notes to the Financial Statements cont'd

### 11. SHARE CAPITAL

	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 RM	2016 RM
Issued share capital				
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000
Subdivision of shares	19,000,000	–	–	–
Issuance of bonus shares	220,000,000	–	11,000,000	–
Issuance of shares	80,000,000	–	20,000,000	–
At 31 December	320,000,000	1,000,000	32,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the company's residual assets.

Effective from 31 January 2017, the ordinary shares have no par value.

During the financial year, the company issued:

- (a) 220,000,000 new ordinary shares by way of bonus issue at an issue price of RM0.05 each; and
- (b) 80,000,000 new ordinary shares at an issue price of RM0.25 each.

### 12. HIRE PURCHASE PAYABLES

The hire purchase payables are repayable as follows:

	Future installments payable RM	Undue interest RM	Principal payable RM
<b>2017</b>			
<b>Shown under current liabilities</b>			
Within 1 year	399,984	45,171	354,813
<b>Shown under non-current liabilities</b>			
Between 2 to 5 years	798,413	89,501	708,912
	1,198,397	134,672	1,063,725
<b>2016</b>			
<b>Shown under current liabilities</b>			
Within 1 year	342,494	39,784	302,710
<b>Shown under non-current liabilities</b>			
Between 2 to 5 years	783,926	91,417	692,509
More than 5 years	5,038	648	4,390
	788,964	92,065	696,899
	1,131,458	131,849	999,609

The hire purchase payables bear interest at rates ranging from 4.47% to 6.80% (2016: 4.47% to 6.80%) per annum.

## Notes to the Financial Statements cont'd

### 13. TERM LOANS

The term loans are repayable as follows:

	2017 RM	2016 RM
<b>Shown under current liabilities</b>		
Within 1 year (Note 17)		
- secured	-	-
Term loan 1	161,384	-
Term loan 2	38,652	-
Term loan 5	-	98,647
- unsecured		
Term loan 3	1,519,485	556,472
Term loan 4	42,599	-
	1,762,120	655,119
<b>Shown under non-current liabilities</b>		
Between 2 to 5 years		
- secured		
Term loan 1	823,879	-
Term loan 2	197,323	-
Term loan 5	-	444,808
- unsecured		
Term loan 3	-	1,576,045
Term loan 4	200,380	-
More than 5 years		
- secured		
Term loan 1	1,914,737	-
Term loan 2	730,689	-
Term loan 5	-	2,324,528
- unsecured		
Term loan 4	1,320,624	-
	5,187,632	4,345,381
	6,949,752	5,000,500

The term loans are granted from licensed banks and are denominated in RM.

Term loan 1 is secured and guaranteed as follows:

- (i) A legal charge over leasehold building and freehold building belonging to the company as disclosed in Note 5; and
- (ii) Jointly and severally guaranteed by certain directors of the company.

Term loan 2 is secured and guaranteed as follows:

- (i) A legal charge over leasehold building and freehold building belonging to the company as disclosed in Note 5; and
- (ii) Jointly and severally guaranteed by certain directors of the company.



## Notes to the Financial Statements cont'd

### 13. TERM LOANS (CONT'D)

Term loan 3 is unsecured and it is guaranteed as follows:

- (i) Credit Guarantee Corporation (M) Bhd's guarantee under the Portfolio Guarantee Scheme of up to RM2.10 million, being 70% of the principal limit for the term loan; and
- (ii) Jointly and severally guaranteed by certain directors of the company.

Term loan 4 is unsecured and it is jointly and severally guaranteed by certain directors of the company.

Term loan 5 is unsecured and it is guaranteed as follows:

- (i) A lien over the fixed deposits of the company;
- (ii) A legal charge over a leasehold building belonging to the company; and
- (iii) Jointly and severally guaranteed by certain directors of the company.

The term loans bear interest at rates ranging from 6.60% to 10.00% (2016: 4.85% to 8.85%) per annum.

The repayment terms of the term loans are as follows:

- Term loan 1 Repayable in 180 monthly instalments of RM5,556, effective from May 2017.
- Term loan 2 Repayable in 180 monthly instalments of RM16,668, effective from May 2017.
- Term loan 3 Repayable in 60 monthly instalments of RM62,100, effective from May 2015 to August 2016; thereafter from September 2016, the monthly instalment was revised to RM64,354.
- Term loan 4 Repayable in 280 monthly instalments of RM12,150, effective from October 2017.
- Term loan 5 Repayable in 240 monthly instalments of RM19,182, effective from March 2015.

### 14. DEFERRED TAX LIABILITIES

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Balance at 1 January	45,851	40,274
Transfer from statement of profit or loss and other comprehensive income (Note 21)	31,944	5,577
Balance at 31 December	77,795	45,851

The deferred tax liabilities are in respect of taxable temporary differences arising from the qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation.



## Notes to the Financial Statements cont'd

### 15. TRADE PAYABLES

The normal trade credit terms granted by trade payables ranged from 30 to 120 days (2016: 30 to 120 days).

Included in trade payables are retention sums of RM6,082,253 (2016: RM4,645,050). The retention sums are unsecured, interest-free and are expected to be settled as follows:

	2017 RM	2016 RM
Within 1 year	2,544,033	723,944
Between 1 - 2 years	1,640,877	1,598,101
Between 2 - 3 years	1,455,397	1,304,532
Between 3 - 5 years	441,946	1,018,473
	<hr/> 6,082,253	<hr/> 4,645,050

### 16. OTHER PAYABLES AND ACCRUALS

	2017 RM	2016 RM
Other payables	233,723	134,100
Accruals	695,746	636,664
	<hr/> 929,469	<hr/> 770,764

### 17. SHORT TERM BORROWINGS

	2017 RM	2016 RM
Term loans ( <i>Note 13</i> )	1,762,120	655,119
Bank factoring	4,564,427	5,605,659
Bank overdrafts	2,828,835	3,610,230
	<hr/> 9,155,382	<hr/> 9,871,008

The short term borrowings are granted from licensed banks and are denominated in RM.

The bank factoring are secured as follows:

- (a) Assignment of contract proceeds from certain contracts; and
- (b) Jointly and severally guaranteed by certain directors of the company.

The bank overdrafts are secured as follows:

- (c) A lien over the fixed deposits of the company;
- (d) A legal charge over leasehold building belonging to the company as disclosed in Note 5;
- (e) Jointly and severally guaranteed by certain directors of the company; and
- (f) The Government of Malaysia or Syarikat Jaminan Pembiayaan Perniagaan's guarantee under the Services Sector Guarantee Scheme of up to RM2.45 million, being 70% of the principal limit for one of the bank overdrafts.

The bank factoring bears effective interest at rates ranging from 6.07% to 8.65% (2016: 8.65%) per annum.

The bank overdrafts bear effective interest at rates ranging from 7.85% to 8.35% (2016: 7.85% to 8.35%) per annum.



## Notes to the Financial Statements cont'd

### 18. REVENUE

	2017 RM	2016 RM
Sale of goods	10,980,351	6,589,888
Contract revenue	103,571,506	86,533,908
	114,551,857	93,123,796

### 19. FINANCE COSTS

	2017 RM	2016 RM
Bank factoring interest	444,854	816,630
Bank overdraft interest	288,053	129,621
Hire purchase interest	41,259	46,180
Term loan interest	442,776	356,990
	1,216,942	1,349,421

### 20. PROFIT BEFORE TAXATION

	2017 RM	2016 RM
Profit before taxation is stated <i>after charging</i> :		
Auditors' remuneration		
- current year's provision	80,000	50,000
- over provision in respect of prior years	(7,000)	(10,000)
Bad debts written off	-	156,615
Depreciation	633,817	721,040
Hire of machinery	42,540	14,780
Loss on disposal of property, plant and equipment	14,001	-
Rental of premises	114,373	105,750
Staff costs (Note 23)	7,899,076	6,329,801
<i>and crediting</i> :		
Gain on disposal of investment in a subsidiary company	-	290,000
Gain on disposal of property, plant and equipment	-	50,499
Interest income	292,715	102,060



## Notes to the Financial Statements cont'd

### 21. INCOME TAX EXPENSE

	2017 RM	2016 RM
Malaysian income tax:		
- current year's provision	3,118,534	2,163,679
- under provision in respect of prior year	258,447	74,671
Deferred tax ( <i>Note 14</i> ):		
- transfer to deferred tax liabilities	31,944	5,577
	3,408,925	2,243,927

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2017 RM	2016 RM
Profit before taxation	10,184,698	8,799,163
Income tax expense at Malaysia statutory tax rate of 24% (2016: 24%)	2,444,328	2,111,799
• Adjustments for the following tax effects:		
- expenses not deductible for tax purposes	995,784	184,586
- income not subject to tax	(289,634)	(95,121)
- over provision of deferred tax liabilities in respect of prior year	-	(5,622)
- effect of change in tax rate	-	(1,386)
- lower tax rate for small and medium size industry	-	(25,000)
	706,150	57,457
• Under provision of taxation in respect of prior year	258,447	74,671
	3,408,925	2,243,927



## Notes to the Financial Statements cont'd

### 22. EARNINGS PER SHARE

#### Basic Earnings Per Share

The basic earnings per ordinary share as at 31 December 2017 is arrived at by dividing the company's profit attributable to owners of the company by the weighted average number of ordinary shares issued and calculated as follows:

	2017	2016
Profit attributable to owners of the company (RM)	6,775,773	6,555,236
Weighted average ordinary shares issued as at 31 December	249,863,014	240,000,000
Basic earnings per share (Sen)	2.71	2.73
<b><u>Weighted average number of ordinary shares</u></b>		
Issued ordinary shares as at 1 January	240,000,000	240,000,000
Effect of ordinary shares issued during the financial year	9,863,014	-
Weighted average number of ordinary shares as at 31 December	249,863,014	240,000,000

#### Diluted Earnings Per Share

There is no dilution in the earnings per share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the previous financial year.

### 23. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	2017 RM	2016 RM
Salaries and wages	5,945,026	4,765,153
Defined contribution plan	660,269	525,289
Other employee benefits	1,293,781	1,039,359
	7,899,076	6,329,801

Included in staff costs are directors' remuneration who are also the key management personnel of the company:

	2017 RM	2016 RM
Directors' remuneration		
- fees	75,000	-
- other emoluments	1,461,810	1,375,380
	1,536,810	1,375,380

## Notes to the Financial Statements cont'd

### 24. DIVIDENDS

	<b>2017 RM</b>	<b>2016 RM</b>
<i>In respect of the financial year ended 31 December 2016:</i>		
Single-tier interim dividend of 105% on 1,000,000 ordinary shares, paid on 19 December 2016	–	1,050,000

### 25. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the company arising from the financing activities, including both cash and non-cash changes as follows:-

	<b>At 1.1.2017 RM</b>	<b>Cash Flows RM</b>	<b>Non-cash Changes RM</b>	<b>At 31.12.2017 RM</b>
Hire purchase payables	999,609	(313,884)	378,000	1,063,725
Term loans	5,000,500	1,949,252	–	6,949,752
Bank factoring	5,605,659	(1,041,232)	–	4,564,427
	11,605,768	594,136	378,000	12,577,904

The non-cash changes is relating to property, plant and equipment acquired under hire purchase.

### 26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Related parties can be individuals or other entities. The company has a related party relationship with:

- (i) A company in which a director has substantial financial interest; and
- (ii) The directors of the company who are the key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the company carried out the following transactions with the related parties during the financial year:-

	<b>2017 RM</b>	<b>2016 RM</b>
Transactions with a company in which a director has substantial financial interest:		
- Rental of premises	–	30,000

(c) Key management compensation

	<b>2017 RM</b>	<b>2016 RM</b>
Short term employee benefits	1,437,450	1,284,900
Long term employee benefits	99,360	90,480
	1,536,810	1,375,380



## Notes to the Financial Statements cont'd

### 27. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance.

The company is principally involved in the provision of the electrical and mechanical engineering services and the resources of the company for the current and previous financial year is derived entirely from its electrical and mechanical engineering services.

No geographical analysis has been prepared as the company operates wholly in Malaysia.

### 28. FINANCIAL INSTRUMENTS

The company's activities are exposed to interest rate risk, credit risk and liquidity risk. The company's overall financial risk management policies focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

#### (a) Financial Risk Management Policies

The company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the company's businesses whilst managing its interest rate risk, credit risk and liquidity risk. The company's policies in respect of the major areas of treasury activities are as follows:-

#### (i) Interest Rate Risk

The company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The company's policies are to obtain the most favourable interest rates available.

#### Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate financial instruments is not disclosed as the interest-bearing financial instruments carry fixed interest rate and are measured at amortised cost.

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	<b>2017</b>	<b>2016</b>
	<b>Increase/ (decrease)</b>	<b>Increase/ (decrease)</b>
	<b>RM</b>	<b>RM</b>
Effects on profit after taxation/equity		
Increase of 100 basis points	(9,249)	(9,905)
Decrease of 100 basis points	9,249	9,905

## Notes to the Financial Statements cont'd

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (ii) Credit Risk

The company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the carrying amount of this financial asset in the statement of financial position reduced by the effects of any netting arrangements with counterparties.

The company establishes an allowance for impairment that represents its estimates of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

##### **Credit Risk Concentration Profile**

The company has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amount owing by three (2016: six) major customers constituting approximately 15% (2016: 54%) of the outstanding trade receivables of the company at reporting date.

##### **Exposure To Credit Risk**

As the company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

##### **Ageing Analysis**

The ageing analysis of the company's trade receivables at the reporting date is as follows:-

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired		
- 1 to 60 days	17,233,391	19,372,817
- 61 to 90 days	2,463,869	1,806,998
	19,697,260	21,179,815
Past due but not impaired		
- 91 to 180 days	3,473,610	531,145
- more than 180 days	-	1,850,891
	23,170,870	23,561,851
Retention sums	14,381,381	11,222,492
	37,552,251	34,784,343

Trade receivables that are neither past due nor impaired are regular customers. The company uses ageing analysis to monitor the credit quality of the trade receivables.

Trade receivables that are past due but not impaired are unsecured in nature and fully collected as at the date of this report. They are creditworthy receivables.



## Notes to the Financial Statements cont'd

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk

The company's exposure to liquidity risk arises mainly from general funding and business activities. The company practises risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

2017	Effective Interest Rates %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Trade payables	-	21,479,971	21,479,971	17,941,751	3,538,220	-
Other payables and accruals	-	929,469	929,469	929,469	-	-
Hire purchase payables	4.47 - 6.80	1,063,725	1,198,397	399,984	798,413	-
Short term borrowings	6.07 - 8.65	7,393,262	7,393,262	7,393,262	-	-
Term loans	6.60 - 10.0	6,949,752	9,384,473	2,488,416	2,930,009	3,966,048
		37,816,179	40,385,572	29,152,882	7,266,642	3,966,048
<b>2016</b>	<b>%</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	-	26,095,531	26,095,531	22,174,425	3,921,106	-
Other payables and accruals	-	770,764	770,764	770,764	-	-
Hire purchase payables	4.47 - 6.80	999,609	1,131,458	342,494	783,926	5,038
Short term borrowings	7.85 - 8.35	9,215,889	9,215,889	9,215,889	-	-
Term loans	4.85 - 8.85	5,000,500	6,087,370	982,944	2,779,898	2,324,528
		42,082,293	43,301,012	33,486,516	7,484,930	2,329,566

Notes to the Financial Statements  
cont'd**28. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management**

The company manages its capital to ensure that the company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The company manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as debt divided by total equity. Debt represents all the interest bearing borrowings.

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Hire purchase payables	1,063,725	999,609
Term loans	6,949,752	5,000,500
Bank factoring	4,564,427	5,605,659
Bank overdrafts	2,828,835	3,610,230
	<hr/> 15,406,739	<hr/> 15,215,998
Equity attributable to owners of the company	42,899,451	16,123,678
Debt-to-equity ratio	0.36	0.94

**(c) Classification Of Financial Instruments**

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Financial Assets</b>		
<b><u>Loans and Receivables</u></b>		
Trade receivables	37,552,251	34,784,343
Other receivables and deposits	1,470,262	1,270,401
Fixed deposits with licensed banks	16,243,790	4,113,084
Cash and bank balances	11,902,017	8,904,935
	<hr/> 67,168,320	<hr/> 49,072,763
<b>Financial Liabilities</b>		
<b><u>Other Financial Liabilities</u></b>		
Trade payables	21,479,971	26,095,531
Other payables and accruals	929,469	770,764
Bank factoring	4,564,427	5,605,659
Bank overdrafts	2,828,835	3,610,230
Hire purchase payables	1,063,725	999,609
Term loans	6,949,752	5,000,500
	<hr/> 37,816,179	<hr/> 42,082,293



## Notes to the Financial Statements cont'd

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values due to the relatively short-term nature except for non-current portion of term loans and non-current portion of hire purchase payables.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### Non-current portion of term loans

The non-current portion of term loans are reasonably approximate fair value as they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

#### Non-current portion of hire purchase payables

	Carrying amount RM	Fair value RM
<b>2017</b>		
<b><u>Financial liabilities</u></b>		
Hire purchase payables (non-current portion)	708,912	673,603
<hr/>		
<b>2016</b>		
<b><u>Financial liabilities</u></b>		
Hire purchase payables (non-current portion)	696,899	616,573
<hr/>		

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

#### (e) Fair Value Hierarchy

As at 31 December 2017, there were no financial instruments measured at fair value in the statement of financial position.

### 29. CONTINGENT LIABILITIES

	2017 RM	2016 RM
Guarantee given to third parties in respect of contract works	9,219,179	7,865,239
<hr/>		



## Notes to the Financial Statements cont'd

### 30. CAPITAL COMMITMENT

	2017 RM	2016 RM
Approved and contracted but not provided for - freehold building	378,000	402,290

### 31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- i. On 30 October 2017, the company announced on the Initial Public Offering of up to 112 million ordinary shares in the company ("Shares") comprising:-
  - (a) public issue of 80 million new Shares comprising:
    - 16 million Shares to the Malaysian Public;
    - 8 million Shares to the directors of the company, eligible employees and persons who have contributed to the success of the company;
    - 56 million Shares by way of private placement to institutional and private investors; and
  - (b) offer for shares of up to 32 million existing Shares by way of private placement to institutional and selected investors at an issue/offer price of RM0.25 per Share payable in full on application pursuant to the listing of the company on the ACE Market of Bursa Malaysia Securities Berhad.
- ii. On 21 November 2017, the company announced that it had on 20 November 2017 and 21 November 2017 accepted Letters of Acceptance for two contracts ("LOAs") respectively with a combined value of RM23.8 million.
- iii. On 13 December 2017, the company announced that it had accepted a LOA with the contract sum of RM14.5 million.

### 32. SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

On 26 February 2018, the company announced an interim single-tier dividend of 0.5 Sen per Share in respect of the financial year ending 31 December 2018.

### 33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 19 March 2018 by the Board of Directors.



## LIST OF PROPERTIES

Location and address of property	Brief description and existing use	Area Building/Land (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2017 (RM)
PM 8456, Lot 101280 Mukim of Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur  <b>Property address:</b> No.18, Jalan Radin Bagus 9, Bandar Baru Seri Petaling 57000 Kuala Lumpur	Three-storey shop office currently used as our Company's headquarters	190	3	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 92 years as at Dec'17)	23 March 2017 (V)	4,118,380
HSD 13198, PT 8891 Mukim Kajang Daerah Ulu Langat Negeri Selangor Darul Ehsan  <b>Property address:</b> No. 86, Jalan Taming 5 Taming Jaya Industrial Park 43300 Balakong Selangor Darul Ehsan	One and half storey terrace factory as warehouse	222.96	1	Freehold	28 April 2017 (V)	1,282,667
GRN 190203, Lot 128236 Mukim Klang Daerah Klang Negeri Selangor  <b>Property address:</b> Lot No.19 Gravit 8 PT 128236 Kota Bayu Emas/KS9 42000 Pel. Klang, Selangor	Three storey Shop Office	153	1	Freehold	18 May 2017 (A)	1,495,598
GRN 298284, Lot 62011 Mukim Pekan Country Height Dareah Petaling Negeri Selangor Darul Ehsan  <b>Property address:</b> E-3-2 Subang Parkhomes Persiaran Kemajuan 47500 Subang jaya, Selangor	Residential	117.43	6	Freehold	6 May 2011 (A)	633,649

## SHAREHOLDINGS STATISTICS

### ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018

Issued and Fully Paid-up Capital	:	RM32,000,000 comprising 320,000,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share held

### SHAREHOLDING DISTRIBUTION SCHEDULE

(AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
462	100 to 1,000	361,000	0.11
1340	1,001 to 10,000	5,838,900	1.83
814	10,001 to 100,000	31,520,800	9.85
163	100,001 to less than 5% of issued shares	86,279,300	26.96
1	5% and above of the issued shares	196,000,000	61.25
2,780	TOTAL	320,000,000	100.00

\* Less than 0.01%

### LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS

(AS PER THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Dato' Lai Keng Onn	196,000,000	61.25
2. Choong Gaik Seng	12,000,000	3.75
3. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chan Khim Gee @ Chang Khim Gee	4,300,000	1.34
4. Lim Lai Peng	3,900,000	1.22
5. Yap Shuh Jian	3,500,000	1.09
6. Teng Chuan Heng	3,000,000	0.94
7. Chong Ching Yee	2,870,000	0.90
8. Lim Gek Shan	2,500,000	0.78
9. Cimsec Nominees (Tempatan) Sdn Bhd - Cimb Bank For Tan Chin Hooi (MP0137)	1,600,000	0.50
10. Ooi Sing Hwat	1,600,000	0.50
11. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Boon Huat (TAN1456C)	1,514,500	0.47
12. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ronie Tan Choo Seng (MARGIN)	1,500,000	0.47
13. Cimsec Nominees (Tempatan) Sdn Bhd - Cimb Bank For Yoong Kah Yin (MY2443)	1,310,000	0.41
14. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Gek Shan	1,286,600	0.40
15. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Chee Hiang (E-SS2/KDA)	1,080,000	0.34



## Shareholdings Statistics cont'd

### **LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)** (AS PER THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	Percentage (%)
16. Wang Tsun Siang	1,010,000	0.32
17. Chai Chat Leong	1,000,000	0.31
18. Cimsec Nominees (Tempatan) Sdn Bhd - Cimb Bank For Cheong Ho Leng (MY0083)	1,000,000	0.31
19. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Eng Sia	1,000,000	0.31
20. Tan Lan King	1,000,000	0.31
21. SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chong Beng Choon (SMT)	900,000	0.28
22. Maybank Nominees (Tempatan) Sdn Bhd - Chow Yai Meng	726,000	0.23
23. Koh King Chiew	700,000	0.22
24. Oan Yee Lai	700,000	0.22
25. Yong Fan Hing	671,800	0.21
26. Ong Han Neng	650,000	0.20
27. Neo Yiap Seng	648,300	0.20
28. Soh Teck Hock	620,000	0.19
29. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Foong Hon Beng (E-PTS)	600,000	0.19
30. Tee Kim Gek	600,000	0.19
<b>Total</b>	<b>249,787,200</b>	<b>78.06</b>

### **DIRECTORS' SHAREHOLDINGS**

(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct	No. of Shares Held		Percentage (%)
		Percentage (%)	Indirect	
Dato' Lai Keng Onn	196,000,000	61.25	-	-
Choong Gaik Seng	12,000,000	3.75	-	-
Lu Chee Leong	100,000	0.03	-	-

### **SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDER)

Name of Substantial Shareholder	Direct	No. of Shares Held		Percentage (%)
		Percentage (%)	Indirect	
Dato' Lai Keng Onn	196,000,000	61.25	-	-



## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-First Annual General Meeting of **KEJURUTERAAN ASASTERA BERHAD** will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 21 May 2018 at 10.00 a.m. to transact the following businesses:-

### AGENDA

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note 1]**
2. To approve the aggregate Directors' fees payable to the Directors of the Company for an amount not exceeding RM180,000.00 per annum for the financial year ending 31 December 2018. **Resolution 1**
3. To re-elect Dato' Lai Keng Onn who retire pursuant to Clause 127 of the Constitution of the Company. **Resolution 2**
4. To re-elect the following directors who retire pursuant to Clause 132 of the Constitution of the Company.
  - i) Ferdaus Bin Mahmood **Resolution 3**
  - ii) Tong Siut Moi **Resolution 4**
  - iii) Lu Chee Leong **Resolution 5**
  - iv) Datin Alicia Chan Pey Kheng **Resolution 6**
5. To re-appoint Messrs Siew Boon Yeong & Associate as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

#### Special Business

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

6. **Ordinary Resolution**  
**Authority to allot and issue shares** **Resolution 8**

"**THAT** subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
7. To transact any other business of the Company of which due notice shall be given.



## Notice of Twenty-First Annual General Meeting cont'd

### BY ORDER OF THE BOARD

**JOANNE TOH JOO ANN (LS 0008574)**  
**SIA EE CHIN (MAICSA 7062413)**

Company Secretaries  
Kuala Lumpur

Date: 20 April 2018

### NOTES:

#### (i) NOTES ON APPOINTMENT OF PROXY

- a. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead.*
- b. *Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.*
- c. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.*
- d. *An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 10.00 a.m., Saturday, 19 May 2018, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.*
- e. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.*
- f. *Where a member of the company is an exempt authorised nominee as defined under the SICDA, 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.*
- g. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 14 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.*



## Notice of Twenty-First Annual General Meeting cont'd

### NOTES: (Cont'd)

#### (ii) EXPLANATORY NOTES

**1. Item 1 of the Agenda – Ordinary Business  
Audited Financial Statements for the financial year ended 31 December 2017**

*The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.*

**2. Item 2 of the Agenda – Ordinary Business  
Payment of Directors' Fees**

*Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.*

*The Proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.*

**3. Items 4(i), (ii) and (iii) of the Agenda – Ordinary Business  
Re-election of Independent Directors**

*The Nomination Committee and the Board had undertaken an annual assessment on the independence of Ferdaus Bin Mahmood, Tong Siut Moi and Lu Chee Leong who are seeking for re-election at the forthcoming Twenty-First Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance overview statement of the Company's 2017 Annual Report.*

**4. Item 6 of the Agenda – Special Business  
Ordinary Resolution  
Authority to allot and Issue Shares**

*The Proposed Resolution 8 is for the purpose of granting a general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.*

*The General Mandate will provide flexibility to the Company to issue share for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investments(s), acquisition(s) and/or working capital.*

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# FORM OF PROXY



No. of Shares Held: \_\_\_\_\_

## KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)  
(Incorporated in Malaysia)

I/We, \_\_\_\_\_ (NRIC/Company No. \_\_\_\_\_)  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

Contact No \_\_\_\_\_ being a member of **KEJURUTERAAN ASASTERA BERHAD**, hereby appoint(s)  
\_\_\_\_\_ (NRIC/Company No. \_\_\_\_\_)  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

and/or\*, \_\_\_\_\_ (NRIC/Company No. \_\_\_\_\_)  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

or failing whom, the Chairman of the Meeting as my/our\* proxy to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday on 21 May 2018 at 10.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

	RESOLUTION	FOR	AGAINST
1	Payment of Directors' Fees for the financial year ending 31 December 2018.		
2	Re-election of Dato' Lai Keng Onn as Director.		
3	Re-election of Ferdaus Bin Mahmood as Director.		
4	Re-election of Tong Siut Moi as Director.		
5	Re-appointment of Lu Chee Leong as Director.		
6	Re-appointment of Datin Alicia Chan Pey Kheng as Director.		
7	Re-appointment of Messrs Siew Boon Yeong & Associate as auditors of the Company and authorise the Board of Directors to fix their remuneration.		
8	Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dates this \_\_\_\_\_ day of \_\_\_\_\_ 2018

No. of Ordinary Shares held:	
CDS Account No.:	
Proportion of shareholdings	First Proxy: .....
to be represented by proxies	Second Proxy: .....
Contact No.:	

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

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead.
2. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.
4. An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 10.00 a.m., Saturday, 19 May 2018, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.
6. Where a member of the company is an exempt authorised nominee as defined under the SICDA, 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.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 14 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.



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AFFIX  
STAMP

The Share Registrar  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**  
(Company No. 11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

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