CabNet

Cabnet Holdings Berhad

(1121987-D)

2017 ANNUAL REPORT

CONTENTS

NOTICE OF 3RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting of CABNET HOLDINGS BERHAD will be held at the Pavilion Hall, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Wednesday, the 30th day of May, 2018 at 9.00 a.m. for the following purposes:

AGENDA

AS 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. ***(See Explanatory Note 1)***

2. To re-elect the following Directors retiring by rotation pursuant to Article 104 of the Company's Constitution.

   i) MR. LIM MING KEE ***ORDINARY RESOLUTION 1***
   ii) MR. LOO YONG PENG
   (Mr. Loo has notified that he does not wish to seek re-election as a Director and accordingly will retire as a Director upon the conclusion of the Annual General Meeting)

3. To re-elect the following Directors retiring pursuant to Article 112 of the Company's Constitution.

   i) MR. YONG THIAM YUEN ***ORDINARY RESOLUTION 2***
   ii) MR. ABDUL MUTALIB BIN IDRIS ***ORDINARY RESOLUTION 3***
   iii) MS. MEACHERY JO-ANNE JOSEPH ***ORDINARY RESOLUTION 4***
   iv) MR. XIE FENG ***ORDINARY RESOLUTION 5***

4. To approve the payment of Directors' Fees of RM163,169.00 for the financial year ended 31 December 2017. ***ORDINARY RESOLUTION 6 (See Explanatory Note 2)***

5. To approve the payment of Directors' Fees of RM328,500.00 for the financial year ending 31 December 2018. ***ORDINARY RESOLUTION 7 (See Explanatory Note 2)***

6. To approve and ratify the payment of Directors' Benefits amounting to RM22,500.00 for the period commencing from 31 January 2017 up to the date of this Annual General Meeting. ***ORDINARY RESOLUTION 8 (See Explanatory Note 3)***

7. To approve the payment of Directors' Benefits amounting to RM25,000.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting. ***ORDINARY RESOLUTION 9 (See Explanatory Note 3)***

8. To appoint Auditors and to authorise the Directors to fix their remuneration. ***ORDINARY RESOLUTION 10***

   i) Messrs Crowe Horwath, the retiring Auditors have expressed that they do not wish to seek re-appointment at this 3rd Annual General Meeting.

   ii) Notice of Nomination from a shareholder, a copy of which is annexed hereto and marked "Appendix A", has been received by the Company for nomination of Messrs RSM Malaysia (AF 0768) (*who have given their consent to act)* for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

NOTICE OF 3RD ANNUAL GENERAL MEETING (CONT'D)

"That Messrs RSM Malaysia be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340)
JOY LIM XIE RU YI (MAICSA 7065780)
Secretaries

Date : 27 April 2018

NOTES :

1. Pursuant to Section 334 of the Companies Act, 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member may appoint more than two (2) proxies to attend the same meeting. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy provided that in the case of a vote on any question by show of hands, only one (1) of the proxies so appointed shall be entitled to vote.
3. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor duly authorised or, if the appointor is a corporation, either under Seal or under the hand of an officer duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
5. For this form to be valid, any alterations or amendments to this form or the information contained herein must be initialled against by the appointor.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of poll, and in default the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2018, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

NOTICE OF 3RD ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES :

Ordinary Business:-

1. **Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 31 December 2017**

   This Audited Financial Statements is meant for discussion only as the provision for Section 248(2) and Section 340(1) of the Companies Act, 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Item 4 and 5 of the Agenda - Proposed Directors' Fees**

   The Proposed Ordinary Resolution 6 and 7, if passed, will authorise the payment of Directors' fees payable to the members of the Board, Board of subsidiaries and Board Committees.

3. **Item 6 and 7 of the Agenda - Proposed Directors' Benefits**

   The Proposed Ordinary Resolution 8, if passed, will approve and ratify the payment of Directors' benefits comprised of allowances payable to the members of the Board and Board Committees pursuant to the requirements of Section 230 of the Companies Act, 2016 for the period commencing from 31 January 2017 up to the date of this Annual General Meeting.

   The Proposed Ordinary Resolution 9, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances payable to the members of the Board and Board Committees pursuant to the requirements of Section 230 of the Companies Act, 2016 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.

Voting by Poll

Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, all resolutions set out in this Notice are to be voted by poll.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Tan Kok Hong @ Tan Yi	Chairman, Independent Non-Executive Director
Mr. Tay Hong Sing	Chief Executive Officer, Executive Director
Mr. Tan Boon Siang	Deputy Chief Executive Officer, Executive Director
Mr. Yong Thiam Yuen	Chief Operating Officer, Executive Director
Mr. Lim Ming Kee	Independent Non-Executive Director
Mr. Loo Yong Peng	Independent Non-Executive Director
Mr. Abdul Mutalib Bin Idris	Independent Non-Executive Director
Ms. Meachery Jo-anne Joseph	Independent Non-Executive Director
Mr. Xie Feng	Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Lim Ming Kee	Chairman
Mr. Abdul Mutalib Bin Idris	Member
Ms. Meachery Jo-anne Joseph	Member

NOMINATION COMMITTEE

Datuk Tan Kok Hong @ Tan Yi	Chairman
Mr. Lim Ming Kee	Member
Ms. Meachery Jo-anne Joseph	Member

REMUNERATRION COMMITTEE

Datuk Tan Kok Hong @ Tan Yi	Chairman
Mr. Lim Ming Kee	Member
Mr. Abdul Mutalib Bin Idris	Member

PRINCIPAL PLACE OF BUSINESS

No. 100, Jalan Ros Merah 2/17,
Taman Johor Jaya,
81100 Johor Bahru, Johor
Tel : +607-353 9008
Fax : +607-353 0146
Website : www.cabnet.asia
Email: ir@cabnet.asia

COMPANY SECRETARIES

Mr. Lee Wee Hee (MAICSA 0773340)
Ms. Joy Lim Xie Ru Yi (MAICSA 7065780)

REGISTERED OFFICE

Suite 5.11 & 5.12, 5th floor, Menara TJB,
No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor.
Tel : +607-224 2823
Fax : +607-223 0229

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unite 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No, 8 Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : +603-2783 9299
Fax : +603-2783 9222

AUDITORS

Messrs Crowe Horwath (AF 1018)
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1, Kota Southkey,
80150 Johor Bahru, Johor.
Tel : +607-288 6627
Fax : +61700-813 460

SPONSOR

TA Securities Holdings Berhad
29th Floor, Menara TA One,
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : +603-2072 1277
Fax : +603-2161 2693

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

SUBSIDIARIES

Cabnet Systems (M) Sdn Bhd (355065-V)
Cabnet Systems (Penang) Sdn Bhd (784875-H)
ITWin Technology Sdn Bhd (458399-K)

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Code : 0191
Stock Name : CABNET

GROUP FINANCIAL HIGHLIGHTS

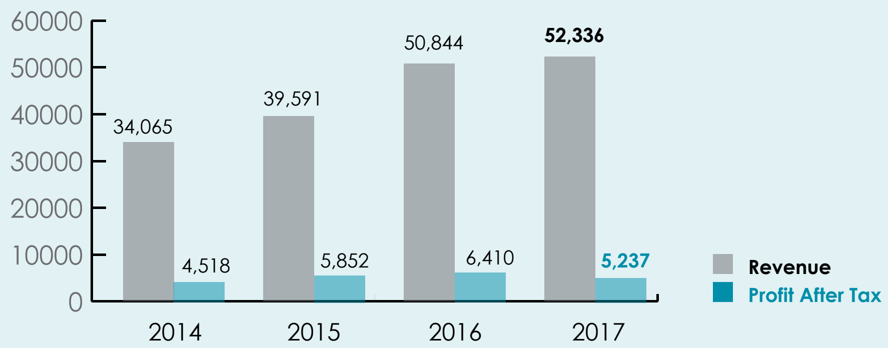
	2014*	2015	2016	2017
GROUP FINANCIAL RESULTS (RM'000)				
Revenue	34,065	39,591	50,844	52,336
Profit before tax	4,576	6,056	6,747	6,530
Profit after tax	4,518	5,852	6,410	5,237
Net profit attributable to owners of the Company	4,075	5,769	6,410	5,237
GROUP FINANCIAL POSITION (RM'000)				
Total assets	26,407	29,544	41,040	55,593
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	2,937	3,439	8,351	14,606
Total borrowings	6,142	7,271	5,304	2,594
Share capital	1,000	9,655	10,900	22,660
Shareholders' equity	10,185	14,335	27,593	43,356
KEY FINANCIAL STATISTICS/ INDICATORS				
Basic earnings per share (sen)	4.22	5.98	6.05	4.30
Net dividend per share (sen)	-	-	-	1.30
Net assets per share attributable to ordinary holders of the Company (RM)	0.09	0.15	0.25	0.33
Return on Shareholders' equity (%)	40.01	40.24	23.23	12.08
Gearing ratio (times)	0.60	0.51	0.19	0.06
Share price				
- High (RM)	N/A	N/A	N/A	0.770
- Low (RM)	N/A	N/A	N/A	0.585

- The financial results for the financial year ended 31 December 2014 ("2014") are based on pro forma results as disclosed in the Prospectus of Cabnet Holdings Berhad ("Company") dated 28 April 2017 (prepared based on the assumption that our Company and its subsidiaries ("Group") had been operating as a single economic entity in the financial year ended 31 December 2014).

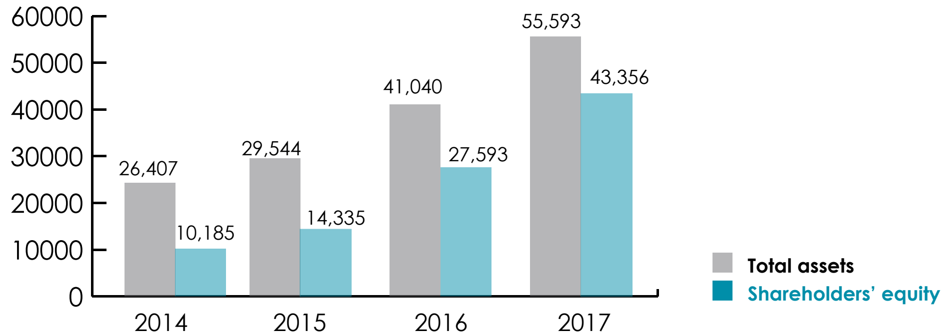
N/A - not applicable

GROUP FINANCIAL HIGHLIGHTS (CONT'D)

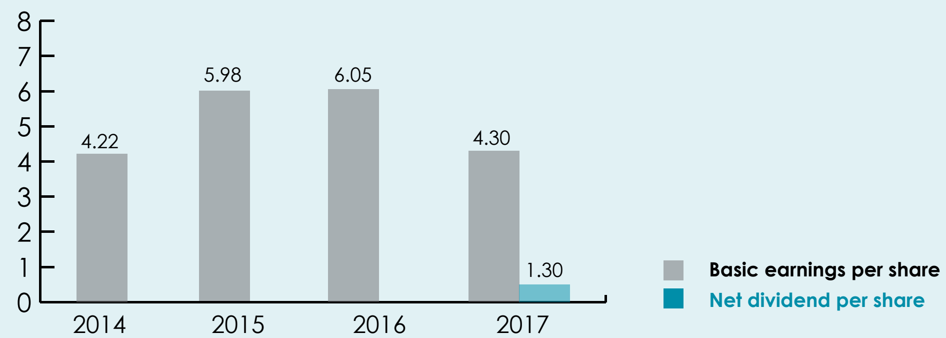
REVENUE AND PROFIT AFTER TAX
RM'000



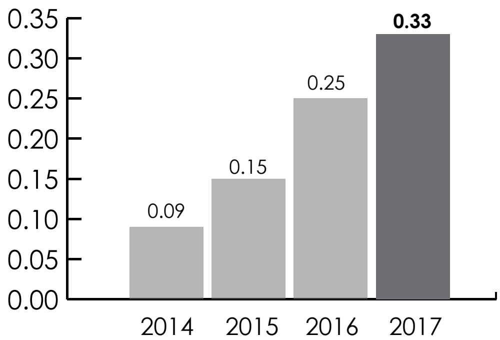
TOTAL ASSETS AND SHAREHOLDERS' EQUITY
RM'000



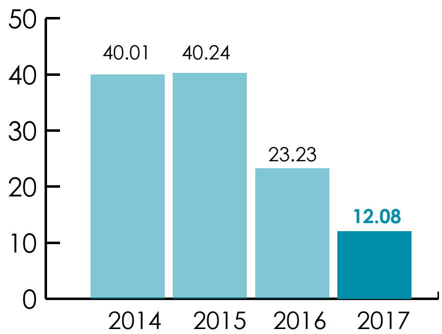
BASIC EARNINGS PER SHARE AND NET DIVIDEND PER SHARE
Sen



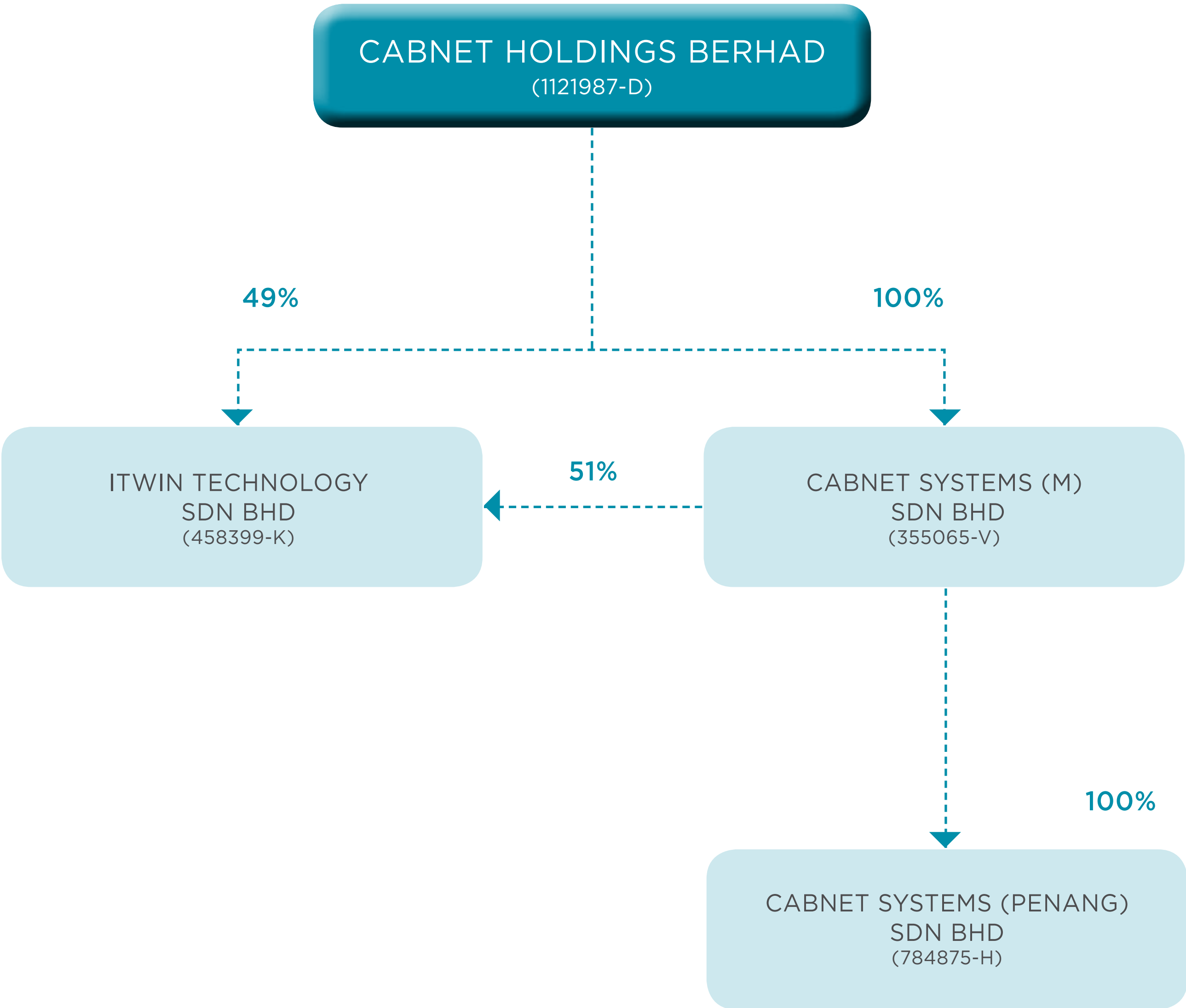
NET ASSETS PER SHARE
RM



RETURN ON SHAREHOLDERS' EQUITY
%



CORPORATE STRUCTURE



PROFILE OF DIRECTORS

DATUK TAN KOK HONG @ TAN YI

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 66

Datuk Tan Kok Hong @ Tan Yi is our Independent Non-Executive Chairman. He was appointed to our Board on 14 September 2015. He is the Chairman of the Nomination Committee and Remuneration Committee. He was also a member of the Audit and Risk Management Committee and ceased as a member on 20 March 2018.

He obtained his Bachelor of Law (Honours) degree from the University of Buckingham, United Kingdom in 1983 and his Barrister-At-Law from the Inns of Court School of Law, Council for the Legal Education and subsequently was called to Lincoln's Inn in 1984.

He started his career in 1976 with the Royal Malaysian Police and later left the Royal Malaysia Police in 1985. Subsequently, he commenced his legal practice in a legal firm in 1985 and left in 2004. In 2004, he was appointed as the Johor State Executive Councillor as well as the Chairman of the Johor State Committee for International Trade and Industry, Energy, Water and Communications, a post that he held until May 2013. He had been elected as a Johor State Assemblyman representing the Bekok constituency since 1995 until 2013. In 2014, he ventured into his own property investment business.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He directly holds 250,000 ordinary shares in the Company.

Datuk Tan attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2017.

LIM MING KEE

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 59

Lim Ming Kee is our Independent Non-Executive Director. He was appointed to our Board on 14 September 2015. He is the Chairman of our Audit and Risk Management Committee and member of Nomination Committee and Remuneration Committee.

In 1983, he obtained his Bachelor of Management Studies majoring in Accounting and Finance from the University of Waikato, New Zealand. He is also a Chartered Accountant of the Malaysian Institute of Accountants since 1987.

Mr. Lim, an accountant by profession has over 30 years of finance and accounting experience garnered from public accounting firms, public listed companies and multinational corporations. In 1998, he together with his co-founders, successfully established a company producing plastic injection moulded parts and components for the audio-video, telecommunication, computer and office equipment sectors for the electrical and electronics industries. He left the company in 2008 but remained as a director of the company until it was dissolved in 2012. He joined a public listed company in 2008 as its Chief Executive Officer and was responsible in running the day-to-day operations of the company. During the same year, he was re-designated as the Managing Director and was appointed to the board of directors. He retired from the company in December 2016.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He directly holds 150,000 ordinary shares in the Company.

Mr Lim attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2017.

PROFILE OF DIRECTORS (CONT'D)

LOO YONG PENG

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 56

Loo Yong Peng is our Independent Non-Executive Director. He was appointed to our Board on 14 September 2015. He was a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and ceased as a member from all the committees on 20 March 2018.

He obtained his Bachelor of Engineering (Honours) majoring in Civil Engineering from the University of Strathclyde, United Kingdom in 1986 and Master of Business Administration from Universiti Kebangsaan Malaysia in 1995.

Mr. Loo is the Managing Director of a company which is engaged in the business of trading of chemicals and synthetic lubricants for the industrial sector that he had acquired in 2003. Prior to that, he was working as General Manager for a trading company for more than 15 years where he was responsible in marketing as well as the day-to-day operations of the business of the company until his resignation in 2004.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He does not hold any shares in the Company.

Mr Loo attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2017.

TAY HONG SING

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 54

Tay Hong Sing is Executive Director/ Chief Executive Officer of our Group. He was appointed to the Board on 14 September 2015.

In 1988, he graduated with a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College, Malaysia.

He began his career in 1988 as an Industrial Engineer to design the production flow process which entailed the customisation of production process and design of the fixtures and tools for the production until he left in 1991. Subsequently, he joined another company in 1991 as a technician and was later promoted to Technical Sales Engineer in 1992 to provide advice on the design of server based on customers' specified requirements. During his employment, he gained exposure in structured cabling whereby he was involved in providing network solutions to customers to integrate the server with structured cabling and switches. Subsequent to his departure in 1995, he founded Cabnet Systems (M) Sdn Bhd with his co-founders in 1995. As the Executive Director / Chief Executive Officer of our Group, he is responsible in running the day-to-day operations of the Group as well as involves in the business planning of our Group.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years.

He is a major shareholder of the Company holding 32,600,000 ordinary shares.

Mr Tay attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2017.

PROFILE OF DIRECTORS (CONT'D)

TAN BOON SIANG

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 54

Tan Boon Siang is Executive Director / Deputy Chief Executive Officer of our Group. He was appointed to the Board on 14 September 2015.

In 1989, he graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College, Malaysia.

After graduation, he began his career as a Maintenance Officer, where he was responsible for the maintenance of the electronic toll equipment of the PLUS highway. In 1991, he joined another company as an Executive of the technical team, where he assisted the team in all technical matters such as repairing, servicing, installation of computer and communication devices that were related to the company's Information and Communication Technology ("ICT") projects, based in the southern region of Malaysia until he left the company in 1994. In August 1995, he founded Cabnet Systems (M) Sdn Bhd together with his co-founders. As the Executive Director / Deputy Chief Executive Officer of our Group, he works together with the Chief Executive Officer in running the day-to-day operations of the Group.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years.

He is a major shareholder of the Company holding 32,600,000 ordinary shares.

Mr. Tan attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2017.

YONG THIAM YUEN

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 43

Yong Thiam Yuen is the Executive Director/ Chief Operating Officer of our Group. He was appointed to the Board on 30 November 2017.

In 1997, he graduated from The Nottingham Trent University, United Kingdom with a Bachelor of Engineering (Honours) in Electrical and Electronic Engineering.

He joined Cabnet Systems (M) Sdn Bhd in 2015 as Chief Operating Officer. He later assumed his present role as Group Chief Operating Officer where he is responsible to drive business growth for our Group. Prior to that, he was working for more than 18 years in both local and multinational companies. He is a member of the Institution of Engineers Malaysia (IEM) and the Board of Engineers Malaysia (BEM). His experiences in engineering field of building technologies include a variety of management roles and business unit leadership assignments in Sales, Operations and Projects.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He directly holds 115,000 ordinary shares in the Company.

PROFILE OF DIRECTORS (CONT'D)

MEACHERY JO-ANNE JOSEPH

NATIONALITY: MALAYSIAN | GENDER: FEMALE | AGE: 48

Meachery Jo-anne Joseph is our Independent Non-Executive Director. She was appointed to our Board on 20 March 2018. She was appointed as a member of the Audit and Risk Management Committee and Nomination Committee on 20 March 2018.

She obtained her Bachelor of Law (Honours) degree from the University of London, United Kingdom in 1993 and her Certificate in Legal Practice (CLP) in 1995.

She is the partner of a legal firm located in Johor Bahru. Prior to the current firm, she was working for more than 9 years in legal firms. Her vast experience in the last 22 years of continuous legal practice include litigation (civil and commercial), corporate advisory, shipping and maritime litigation and conveyancing.

She does not hold any directorship in any other public company and other listed corporation.

She has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. She has had no convictions for any offences within the past 5 years. She does not hold any shares in the Company.

ABDUL MUTALIB BIN IDRIS

NATIONALITY: MALAYSIAN | GENDER: MALE | AGE: 58

Abdul Mutalib Bin Idris is our Independent Non-Executive Director. He was appointed to our Board on 20 March 2018. He was appointed as a member of the Audit and Risk Management Committee and Remuneration Committee on 20 March 2018.

He obtained his Bachelor of Science in Business Administration (Econ-Fin) from University of Tennessee, United States of America in 1987 and Master in Business Administration (Purchasing & Materials Management) from Arizona State University, United States of America in 1992.

He joined UMW Oil & Gas Corporation Berhad in 2012 as Head of Oilfield Services Division and was later re-designated as Head of Corporate Transformation Services in 2016. He left the company in February 2018. Prior to UMW Oil & Gas Corporation Berhad, he has more than 20 years of experience covering procurement, logistics, business development, corporate management and corporate transformation within the Malaysian oil and gas industry.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He does not hold any shares in the Company.

PROFILE OF DIRECTORS (CONT'D)

XIE FENG

NATIONALITY: CHINA GENDER: MALE AGE: 40

Xie Feng is our Non-Independent Non-Executive Director. He was appointed to our Board on 20 March 2018.

In year 2003, he obtained his Diploma majoring in English from the Central South University, China. In September 2017, he obtained his Executive Master of Business Administration (EMBA) from Cheung Kong Graduate School of Business.

He is currently working as President in a Sinounion Technologies Limited, a company based in ShenZen, China which engaged in the business of research and development (R&D) for Intelligent Transport Systems (ITS) and security system as well as system integrator. Prior to the current employment, he had held various senior management positions in multinational companies for more than 12 years. His vast experiences include marketing and sales, managerial and R&D roles in areas of (ITS), security system, visitor management system (VMS) in China, Thailand and Singapore.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He does not hold any shares in the Company.

PROFILE OF KEY SENIOR MANAGEMENT

PAULINE LOH YEN PING

NATIONALITY: MALAYSIAN GENDER: FEMALE AGE: 42

Pauline Loh Yen Ping is the Chief Financial Officer of our Group. She joined Cabnet Holdings Berhad on 1 April 2017.

She obtained her Bachelor of Accounting (Honours) from Universiti Kebangsaan Malaysia in 2000. She is a member and a Chartered Accountant of the Malaysian Institute of Accountants since 2003. She has more than 16 years of working experience in finance and accounting garnered from a public accounting firm and public listed companies.

She does not hold any directorship in any other public company and other listed corporation.

She has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. She has had no convictions for any offences within the past 5 years. She directly holds 60,000 ordinary shares in the Company.

TAN YING MENG

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 48

Tan Ying Meng is the Chief Technology Officer of our Group since September 2015 and also the Managing Director of our subsidiary company, ITWIN Technology Sdn Bhd since 2006.

In 1993, he graduated from National Taiwan University, Taiwan with a Bachelor of Science in Electrical Engineering. He has more than 23 years of working experiences in areas of system virtualisation, enterprise storage, network security, Local Area Network (LAN)/ Wide Area Network (WAN) connectivity and messaging systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years. He directly holds 2,116,000 ordinary shares in the Company.

KOH THAIN LIN

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 44

Koh Thain Lin is the Head of Business Development of our Group since September 2015 and also an Executive Director of our subsidiary company, ITWIN Technology Sdn Bhd since 2008.

He obtained his diploma in computer studies from Cambridge College, United Kingdom and National Computing Center, United Kingdom in 1994 and Bachelor of Computer Science from the University of Portsmouth, United Kingdom via a distant learning programme in 2007. He has more than 20 years of working experiences in areas of sales and marketing, management of network infrastructure and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

SIM YIAN FEI

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 45

Sim Yian Fei is the Head of Extra Low Voltage ("ELV") Systems of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2004 as Assistant Manager and rose through the ranks before being appointed as General Manager in 2014 heading the ELV solutions department (now known as ELV systems division). He later assumed the position of the Head of ELV Systems of our Group in September 2015.

He obtained his Diploma in Computer Science from Southern College, Malaysia in 1995. He has more than 21 years of working experience in areas of computer, hardware and server related matters, sales and marketing, project management and ELV systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years.

KONG TZE SENN

NATIONALITY: MALAYSIAN GENDER: MALE AGE: 47

Kong Tze Senn is the Head of Structured Cabling Works of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2003 as Project Executive and rose through the ranks before being appointed as the Head of Information and Communication Technology ("ICT") Solutions (now known as structured cabling division) in 2014. He later assumed the position of the Head of Structured Cabling Works of our Group in September 2015.

In 1991, he obtained his certification for proficiency in Book Keeping and Accounts, Business Statistics and Advanced Business Calculations from the London Chamber of Commerce and Industry. He has more than 25 years of experience in areas of sales and marketing, ICT hardware and software, structured cabling works and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has had no convictions for any offences within the past 5 years.

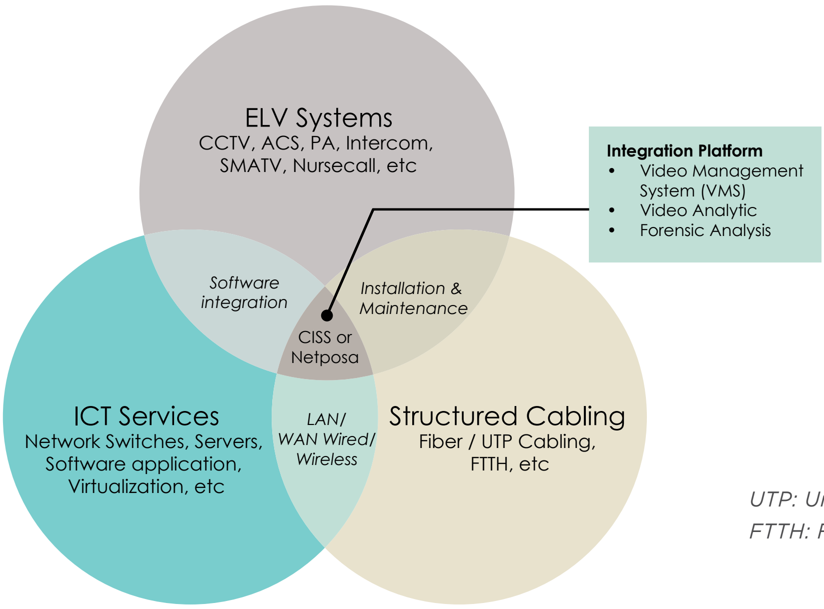
MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

1.1 Business and Operations

The Cabnet Holdings Berhad Group ("the Group") had its beginning in 1995 and currently is principally involved in the provision of building management solutions, where our core business segments comprise structured cabling works and Extra Low Voltage ("ELV") systems for buildings and other facilities such as seaports and public roads. Our Group also provides Information and Communication Technology ("ICT") services which can be offered as complementary to our building management solutions or offered separately on a standalone basis.

A pictoral summary of our principal activities is depicted below:



UTP: Unshielded Twisted Pair
FTTH: Fiber To The Home

ELV in electricity supply refers to systems that operate on voltages that do not exceed 50 alternating current ("AC") voltages. ELV can comprise multiple systems either operating at a standalone or integrated level, and ELV is used in security and surveillance, public address and video intercom applications. Our Group undertakes the design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service for standalone and integrated ELV systems. These ELV systems help our customers to improve security and communications in a building. The ELV systems that we offer includes closed-circuit television ("CCTV") system, access control system ("ACS"), high definition satellite master antenna television ("HD SMATV") system, public address ("PA") system, intercommunication system, nursecall system and etc.

Structured cabling is a system of cabling and associated hardware that provide telecommunications infrastructure for the purposes of data transfer and voice transmission. Structured cabling integrates building management systems, IT systems and communication systems within one (1) cabling infrastructure. Our structured cabling works involve design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service. Structured cabling helps eliminate the costly process of installing and operating multiple cabling and wiring networks to separately accommodate the aforementioned systems. The integrated cabling infrastructure includes copper and fibre optics cabling used for local area network ("LAN"), wide area network ("WAN"), and various equipment such as ACS and CCTV cameras.

Our ICT services comprises design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service of IT solutions. Our ICT services include server virtualisation, data centre solutions, network design and deployment, network management and network security, enterprise messaging solution and wireless networking solution.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES (cont'd)

1.1 Business and Operations (cont'd)

Over the past 20 years, our Group has progressed from a local provider of structured cabling works for small to medium-sized projects to a building management solutions provider for major projects in structured cabling works and ELV systems, as well as Information and Communication Technology ("ICT") services projects. Our Group has also established a track record with project experiences in Malaysia, Brunei Darussalam and Indonesia.

Our Group's customers comprise mainly building contractors who have been engaged to carry out building or construction work and to a lesser extent building owners and building operators who are responsible in performing daily building operation tasks such as ensuring the functionality of mechanical and electrical systems including air-conditioning, escalators, lifts, lightings and etc and maintenance of buildings.

1.2. Objectives and Strategies

During the financial year ended 31 December ("FYE") 2017, the Group continued to increase and strengthen its market presence in Johor, while pursuing more opportunities for more projects outside Johor. The Group's business development strategies which were implemented on a progressive basis including access to current business-to-business sales leads for projects within the construction sector in Malaysia based on research carried out by BCI Media Group of which the Group is a member, and a network of contacts within the construction sector to remain updated on upcoming projects which could present business opportunities. The Group approached contractors, consultants, developers and engineering firms to offer our services and solutions and at the same time, gain understanding of their needs and expectations for our Group to formulate the required services and solutions. The Group will continue to proactively participate in prequalification assessments to register our Group on the tender invitation list of contractors, consultants, developers and engineering firms, which also will create awareness for our Group's services and solutions.

The Group strengthens its ELV systems segment with the introduction of our integrated securities solutions software, known as CISS (Cabnet Integrated Security Solutions), a software that integrates various brands of CCTVs and ACS onto a single platform. The CISS will be included in the ELV systems that we offer to our customers as a value-added option and is not intended for sale on a standalone basis. The CISS is intended to strengthen our portfolio of security solutions to capture increasing commercial opportunities in the market and further increase our presence in the market.

The Group also strengthens its Key Account Management ("KAM") to focus on recurrent businesses with fast turnaround jobs from good customers. The KAM is an individual approach to customers which we are selling to in order to create long last business relationship. We will access to account information in order to engage our customers effectively and systematically, at the same time to grow key accounts into profitable long-term relationships.

2. REVIEW OF FINANCIAL RESULTS

GROUP FINANCIAL RESULTS (RM'000)	FYE2016	FYE2017
Revenue	50,844	52,336
Profit before tax	6,747	6,530
Income tax expense	(337)	(1,293)
Profit after tax	6,410	5,237
Net profit attributable to owners of the Company	6,410	5,237
Basic earnings per share (sen)	6.05	4.30
Net dividend per share (sen)	-	1.30

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2. REVIEW OF FINANCIAL RESULTS (cont'd)

The Group's revenue for FYE2017 was derived from provision of building management solutions which mainly comprised ELV systems, structured cabling works and IT services. For the FYE2017, the Group achieved consolidated revenue of RM52.34 million which was approximately 2.93% higher than the preceding year. The growth in ELV systems and structured cabling works services was driven by the positive growth of the residential, commercial, industrial and infrastructure construction activities in Malaysia.

During the first half of 2017, the civil engineering subsector recorded a double-digit growth of 13.7% (January – June 2016: 17.7%) supported by major infrastructure projects under the Eleventh Malaysia Plan. The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. The non-residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shops and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively (Source: Economic Report 2017/2018, Ministry of Finance Malaysia).

ELV and structured cabling projects were valued at RM1.40 billion in 2014 and increased to RM1.67 billion in 2016 at a compound annual growth rate ("CAGR") of 9.22%. ELV and structured cabling works are expected to grow from RM1.67 billion in 2016 to RM1.99 billion in 2018, based on awarded project value, at an assumed CAGR of 9.22%. Growth in ELV and structured cabling will be strongly driven by growth in construction activities as a result of private investments and Government policies to spur industry growth and socio-economic development (Source: Construction Industry Development Board).

The Group recorded a profit after tax of RM5.24 million for the current financial year as compared to RM6.41 million for the preceding year. The decrease was mainly due to the higher operating costs for FY 2017 and the expiry of tax incentive enjoyed by one of the subsidiary company on 7 August 2017, i.e. full tax exemption on statutory income derived from its ELV systems and structured cabling works segments. The tax expense had increased substantially from RM0.34 million (FYE2016) to RM1.29 million (FYE2017).

GROUP FINANCIAL POSITION (RM'000)	FYE2016	FYE2017
Total assets	41,040	55,593
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	8,351	14,606
Gearing ratio (times)	0.19	0.06
Shareholders' equity	27,593	43,356
Net assets per share attributable to ordinary holders of the Company (RM)	0.25	0.33

Despite the decrease in profit after tax, the Group's financial position as at the end of FYE2017 had improved with the higher cash, bank balances, deposits with licensed banks and short-term investment totalling RM14.61 million as compared to RM8.35 million as at the end of FYE2016, mainly arose from surplus of initial public offer ("IPO") proceeds after paring down borrowings and utilisation to fund the development activities undertaken by one of our subsidiaries in the current financial year. Gearing ratio had improved to 0.06 (2016: 0.19).

The IPO exercise also raised our total assets and total equity and reduced our total liabilities. Total assets rose 35.46% to RM55.59 million while the new shares issued during the IPO increased our share capital by RM11.76 million. As at 31 December 2017, total shareholders' equity stood at RM43.36 million which provides a net asset per share of RM0.33 (2016: RM0.25).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

3. REVIEW OF OPERATING ACTIVITIES

Financial year 2017 was a key milestone year and signaled a new chapter in the history and progress of the Group. The Group's perseverance and effort since its beginnings in 1995 culminated with its successful listing on the ACE Market of Bursa Malaysia Securities on 22 May 2017 by way of an IPO involving a public issue of 21 million new ordinary shares in Cabnet Holdings Berhad at an issue price of RM0.56 per share.

The Group's listing saw its first trade recording at a price of RM0.675 compared with the issued price of RM0.56 and ended its first day trading on 22 May 2017 closing at RM0.705 for a premium of RM0.145.

The Group wishes to place on record its appreciation and gratitude to all its consultants and advisers for their contributions and counsel and to all the relevant authorities in facilitating the Group's listing process.

In terms of operations, FYE2017 proved to be both a challenging but rewarding year for the Group.

The softening property market and overall generally weaker performance by developers affected the construction industry resulting in project delays and take off of new projects. The lethargic property outlook and construction industry resulted in price sensitivity for the Group's services by its potential and existing customers resulting in the Group having to explore and adopt more dynamic value engineering changes to optimise solutions and proposals for its services.

Delays in the award of new contracts, increase in price of materials resulting in price changes by suppliers and risks in foreign exchange transaction were amongst other challenges that the Group had to contend with.

Despite these challenges, the Group persevered to focus and execute its plans according to its strategies and objectives.

The Group continued improving its Management practices, education and training of its human resource, implementing improvements to its structured risk assessment and involvement of the Management's technical teams early in the project negotiations and implementation stage.

In line with this, the Group secured an upgrade of ISO 9001 : 2008 to ISO 9001 : 2015. The audit process conducted by Intertek Certification Limited was completed during the financial year 2017 with the certificate issued on 18 March 2018.

Project Management Professional (PMP) training was carried out for all project execution personnel on the basic of PMP which conforms to international standards led by an external consultant. Following this, the Group adopted and rolled out its own PMP for the purpose of:

- establishment of a professional Project Management Organisation ("PMO") approach to its operations aimed at increasing efficiency and effectiveness.
- adoption of a common language and sharing of best practices throughout the Group.
- defined milestones with clear requirements for documentation and deliverables by all direct and indirect supporting functions within the Group's organisation.
- structured risk assessment and early management involvement in key important decisions.

During the financial year, the key contracts secured by the Group were:

a) ELV Systems for AEON Mall, Taman Maluri, Seksyen 90A, Kuala Lumpur;
b) ELV Systems for ICQS Bukit Kayu Hitam, Kedah;
c) ELV Systems for AAJ Warehouse in Hulu Kelang FTZ, Kuala Lumpur;
d) Security System for Lazada Warehouse Project, KLIA;
e) ELV Systems for Eco Sanctuary Apartments in Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor;

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

3. REVIEW OF OPERATING ACTIVITIES (cont'd)

f) ELV, ICT and AV System for UiTM Teaching Hospital in Puncak Alam, Mukim Jeram, Daerah Kuala Selangor, Selangor;
g) Security Integrated System for Melia Residences in Gerbang Nusajaya, Iskandar Puteri, Johor;
h) Security System for Country Garden Central Park, Plot 2 Phase 1, Johor; and
i) Access Control System for Pengerang Terminal, Johor.

While the Group operates principally in the State of Johor, the Group, as part of its strategy to pursue opportunities outside of Johor in particular in the Klang Valley and Penang reaped encouraging results having secured further contracts in the Klang Valley and in the northern States through its office in Penang.

On 23 January 2018, the Group had accepted a Letter of Award from Potensi Hijau Sdn. Bhd. for the supply, installation, testing, commissioning and maintenance of Satellite Master Antenna Television ("SMATV") system, Closed Circuit Television ("CCTV") system, lift access system, door access system, vehicle access system, intercom system and Fiber To The Home ("FTTH") system at a contract price for works done in the sum of RM7,000,000.00.

3.1 Inherent Risks

The identified risks of the Group are outlined in the Statement of Risk Management and Internal Control.

4. DIVIDENDS

On 25 August 2017, the Board of Directors had declared a first interim single-tier dividend of 0.5 sen which was paid on 10 October 2017 for the financial year ended 31 December 2017.

On 11 April 2018, the Board of Directors had declared a second interim single-tier dividend of 0.8 sen payable on 8 June 2018 for the financial year ended 31 December 2017.

Cabnet Holdings Berhad's Board had adopted a Dividend policy on 12 April 2016 to recommend and distribute a dividend of at least 30% of our annual profit after tax attributable to shareholders. This is to allow the shareholders to participate in our Group's profits. Our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, amongst others, the following factors when recommending dividends: -

i. the availability of adequate distributable reserves and cash flow;
ii. our operating cash flow requirements and financing commitments;
iii. our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
iv. any material impact of tax laws and other regulatory requirements; and
v. the prior approval from some bankers, if any.

The dividend policy merely reflects our Group's present intention and should not constitute legally binding statements in respect of our Group's future dividends that are subject to modification and discretion of our Board.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5. FUTURE PROSPECTS

Our Group is cautiously optimistic that the Group will continue to enjoy positive growth and prospects in the long-term taking into consideration of our competitive strength which is backed by an experienced and committed project delivery team with capabilities in delivering building management solutions and IT services across various segments and the long-standing relationships with our customers and suppliers.

As part of our future plan, we intend to connect the various security systems in multiple buildings with monitoring and analytical capabilities (e.g. vehicle count, people count, crowd detection, illegal parking and etc) that is targeted at township, district and state level. Our Group is also cautiously optimistic of its ability to continue to secure further significant contracts going forward. Based on experience gained in past projects, the Group is leveraging on its experience and track record to secure further contracts while the Group will continue to explore new technologies to add value to our current solutions.

Barring any unforeseen circumstances, we believe that the prospects and future financial performance of the Group are expected to be favourable in the long-term.

This statement was approved by the Board on 11 April 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Cabnet Holdings Berhad ("the Company") recognises the importance of good Corporate Governance and is committed to ensure the sustainability of the Company's business and operations through the implementation and embracement of the Principles and Practices of the Malaysian Code on Corporate Governance ("MCCG").

This statement is to provide shareholders and investors with an overview of the application of the Principles set out in the MCCG by the Company and should be read together with the Corporate Governance Report 2017 of the Company ("CG Report") which accompanies this Annual Report and is also available on the Company's website at www.cabnet.asia.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2017 ("FY2017"). The Board of the Company recognises that the practice of good corporate governance is an ongoing process, other than Practice 8.2 and 12.3, the Board is of the view that the Company has substantially complied with the recommendation of MCCG and will be taking appropriate steps to align its pratices with the MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through the Company's website. The Board Charter will be reviewed as and when require to ensure that it remains relevant and in line with recommended practices and legislations.

The Board intends to undertake a review of the Board Charter in financial year 2018 to take into consideration, the new Malaysian Code of Corporate Governance 2017 as well as amendments to the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has adopted new policies on 23 February 2018 and made it available together with other existing policies on the Company's website at www.cabnet.asia as follows:

- Board Corporate Disclosure Policy
- Board's Procedures for Appointment of Directors
- Remuneration Policy
- Code of Conduct and Business Ethics Policy
- Continuing Education Policy
- Gender Diversity Policy
- Policy on Related Party Transaction and Recurrent Related Party Transaction
- Shareholders Communication Policy
- Whistle Blowing Policy

It is the primary governance responsibilities of the Board to lead and control the Company and its subsidiaries ("the Group"). The Board of the Company takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing our Group towards achieving its strategic goals and realising long-term shareholders' values.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

The Independent Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. The Chief Executive Officer ("CEO") has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the policies, strategies and decisions adopted by the Board. The CEO is further assisted by the Deputy Chief Executive Officer ("Deputy CEO"), Chief Operating Officer ("COO") and Senior Executives of the Group to ensure proper focus and accountability.

The Board of the Company is headed by a Chairman who is an Independent Non-Executive Director with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO. The details of these responsibilities are articulated in the Board Charter which is accessible from the Company's corporate website at www.cabnet.asia.

The Board is also assisted by several Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to assist in the execution of Board functions. The ARMC and Board are further assisted by the Risk Management Committee (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific board agenda. All committees have written terms of reference which is made available for reference at the Company's website at www.cabnet.asia. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

The Board of the Company is supported by two (2) External Company Secretaries. Both Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION

The Company is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of business, legal, accounting, engineering and information technology. This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board may not possess the required expertise, the Board would be able to garner advice from its consultants in the required field. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 40 years to 66 years to ensure that different viewpoints are considered in the decision making process.

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

In line with the undertaking and obligations given by the Company in conjunction with its Initial Public Offering Prospectus dated 28 April 2017, the Board had on 20 March 2018 appointed one (1) female Director and one (1) Bumiputra Director both being Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Following these appointments, the Board composition increased to nine (9) members comprising five (5) Independent Non-Executive Directors ("INEDs"), one (1) Non-Independent Non-Executive Director and three (3) Executive Directors, who also serves as the CEO, Deputy CEO and COO respectively.

The profile of each Director is set out in pages 9 to 13 of this Annual Report.

The Board had also adopted a Gender Diversity Policy which is made available for reference on the Company's website at www.cabnet.asia.

The Board through its NC had conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possesses the appropriate skills, experience and qualities to steer the Company forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

All the five (5) INEDs satisfy the independence test under the AMLR of Bursa Securities. They constitute a majority of the current Board structure.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.

The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed by the Board during the financial year is to retire at the next AGM held following their appointments, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

The above provisions are adhered to by the Board in the AGM. Information on Directors standing for re-election are outlined in the Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth in the Profile of Directors.

At the forthcoming third (3^{rd}) AGM, Mr. Lim Ming Kee and Mr. Loo Yong Peng are due to retire by rotation under Article 104 of the Company's Constitution. Mr. Loo Yong Peng had indicated his intention not to seek re-election as a Director and accordingly will retire as a Director upon the conclusion of the 3^{rd} AGM. Mr. Lim Ming Kee being eligible has offered himself for re-election. Following the NC's review on the performance of Mr. Lim Ming Kee and having noted his significant and valued contributions to the Board, the NC had recommended his re-election to the Board and the Board had concurred with such recommendation and is recommending that shareholders re-elect Mr. Lim Ming Kee at the forthcoming 3^{rd} AGM.

Pursuant to Article 112 of the Company's Constitution, Mr. Yong Thiam Yuen who was appointed on 30 November 2017 is subject to retirement at the forthcoming 3rd AGM. The NC had recommended his re-election to the Board and the Board had concurred with such recommendation and are recommending that shareholders re-elect Mr Yong at the forthcoming 3^{rd} AGM.

Mr. Abdul Mutalib Bin Idris, Ms. Meachery Jo-Anne Joseph and Mr. Xie Feng were appointed on 20 March 2018 and are subject to retirement pursuant to Article 112 of the Company's Constitution. The said 3 Directors have only just been appointed recently and the NC has not reviewed or had any opportunity to assess their performances. The Board based on the assessment of the 3 directors leading up to their appointment as Directors are recommending that shareholders re-elect Mr. Abdul Mutalib Bin Idris, Ms. Meachery Jo-Anne Joseph and Mr. Xie Feng as Directors at the forthcoming 3^{rd} AGM.

In compliance with the provision of Rule 15.08A(3) of the AMLR of Bursa Securities, the activities of the NC for the FY2017 are set out in Practices 4.4, 4.6 & 5.1 of the CG Report.

III. REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long term objectives of the Company taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The RC had reviewed the Director's fees and benefits and the Executive Directors' remuneration for the financial year ended 2017 and financial year ending 31 December 2018 and recommended to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC of the Company comprises wholly of Independent Non-Executive Directors and the ARMC Chairman, Mr. Lim Ming Kee is a member of the Malaysian Institute of Accountants. He is not the Chairman of the Board.

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Company and the Group and is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at www.cabnet.asia.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the Board were former key audit partners. The ARMC will look into the amendment to the Terms of Reference of the ARMC to include the requirements for former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the ARMC.

The ARMC carried out an assessment of the performance and suitability of Messrs Crowe Horwath, the External Auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The ARMC has been generally satisfied with the independence and performance of Messrs Crowe Horwath based on the assessment.

On 23 February 2018, Messrs Crowe Horwath had indicated their intention not to seek re-appointment as External Auditors for the financial year ending 31 December 2018. The ARMC had subsequently met and considered the proposed nomination of a new external auditors nominated by a shareholder, Messrs RSM Malaysia in place of the retiring Auditors, Messrs Crowe Horwath, for recommendation to the shareholders' approval at the forthcoming 3rd Annual General Meeting.

The summary of activities of the ARMC during the financial year are set out in the Audit and Risk Management Committee Report on pages 30 to 35 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.

The Board maintained an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The duties for the identification, evaluation and management of the key business risk were delegated to the Risk Management Committee.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the ARMC.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 36 to 42 of this Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

The Company is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Board recognises the importance of communications with its stakeholders. Investor Relations ("IR") of the Company play its role to ensure proper channels of communication between the Company and the stakeholders.

The Board has in place a Shareholders Communication Policy and Corporate Disclosure Policy, the details of which are available on the Company's website at www.cabnet.asia.

II. CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended under the MCCG.

In line with the best CG practice, the Notice of the 3rd AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

This statement was approved by the Board on 11 April 2018.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

The Company has successfully undertaken a public issue of 21,000,000 new ordinary shares at an issue price of RM0.56 per share, representing approximately 16.15% of the enlarged issued share capital of RM22,660,000 comprising 130,000,000 ordinary shares. Relevant details of the listing were set out in the Prospectus dated 28 April 2017 issued by the Company.

The gross proceeds arising from the IPO of RM11.76 million have been utilised in the following manner as at 31 December 2017: -

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation: Surplus/ (deficit) RM'000	Balance RM'000	Intended time frame for Utilisation from the date of listing
Working capital - Purchase of equipment for projects	5,260	(2,774)	591	3,077	Within 24 months
R&D expenditure	500	(210)	-	290	Within 24 months
Repayment of bank borrowings	3,000	(3,000)	-	-	Within 4 months
Estimated listing expenses	3,000	(2,409)	*(591)	-	Within 1 month
Total	**11,760**	**(8,393)**	**-**	**3,367**	

** The excess of RM591,000 will be utilised for general working capital requirements of the Group.*

The utilisation of proceeds above should be read in conjunction with the Prospectus of the Company dated 28 April 2017.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Group and the Company for the financial year ended 31 December 2017 are as follows:

	The Group RM	The Company RM
Audit fee	74,000	25,000
Non-Audit fees *	101,000	5,500
Total	**175,000**	**30,500**

* The Non-Audit fees include, amongst others, tax filing services fee and assurance services fee related to the Company's IPO.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, chief executive who is not a director or major shareholders, which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. CONTRACT RELATING TO LOAN

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

5. EMPLOYEE SHARE OPTIONS SCHEME

The Group did not offer any share scheme for employees during the financial year under review.

6. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There were no RRPT of a revenue nature between the Group and its related parties during the financial year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. COMPOSITION AND ATTENDANCE

The Audit and Risk Management Committee ("ARMC") was established on 12 April 2016. The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors and one of whom is a member of the Malaysian Institute of Accountants (MIA). No alternate director is appointed as a member of the ARMC. This meets the requirements of rule 15.09(1)(a),(b),(c)(i) and 15.09(2) of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("AMLR").

All members of the ARMC are required to be financially literate and appropriately qualified with sound knowledge and experience in accounting, business, and financial management. The details of attendance of each member at Committee Meetings held during the financial year 2017 are as follows:

Composition of Committee	No. of ARMC Meetings Attended during financial year 2017
Lim Ming Kee (Chairman, Independent Non-Executive Director)	3/3
Datuk Tan Kok Hong @ Tan Yi (Independent Non-Executive Director) (Ceased as a member with effect from 20 March 2018)	3/3
Loo Yong Peng (Independent Non-Executive Director) (Ceased as a member with effect from 20 March 2018)	3/3
Abdul Mutalib Bin Idris (Independent Non-Executive Director) (Appointed on 20 March 2018)	N/A
Meachery Jo-Anne Joseph (Independent Non-Executive Director) (Appointed on 20 March 2018)	N/A

N/A - Not applicable

The Board assesses the performance of the ARMC and its members through an annual evaluation. The Board is satisfied that the ARMC and its members have been able to discharge their functions, duties and responsibilities effectively and efficiently in accordance with the Terms of Reference of the ARMC.

2. SECRETARY

The secretary(ies) to the ARMC are the Company Secretary(ies) of the Company.

3. TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at https://www.cabnet.asia/corporate-governance

The ARMC's Terms of Reference was adopted by the Board on 12 April 2016 in accordance to the requirement of rule 15.11 of the AMLR. Under the enhanced requirement of rule 15.12(1)(g)(ii), the ARMC is required amongst others to review significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. MEETINGS

The ARMC shall meet at least four (4) times a year. The Chairman of the ARMC may call at any time for any additional meetings at the Chairman's discretion and the External Auditors ("EA") may request a meeting if they consider that one is necessary. The Committee had convened a total of three (3) meetings during the financial year 2017, after the Company's listing on 22 May 2017.

The agenda for meetings, the relevant reports and papers were furnished to ARMC members by the Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings. The meetings were appropriately structured through the use of agendas and committee papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notification.

All issues were adequately deliberated during ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and subsequently accelerated to the Board for review and notation.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes (with the assistance of its outsourced Internal Audit Function), the interim and year-end financial reports, the internal and external audit plans and reports, Related Party Transaction ('RPT'), awareness of any incidences of fraud, risk management update report and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

The Executive Directors and Chief Financial Officer ("CFO") were invited to attend all ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The CFO had briefed the ARMC on specific issues and areas arising from the quarterly and audit reports. The EA of the Company represented by their Engagement Partner and Audit Manager of the engagement attended ARMC meetings to present their External Audit Planning Memorandum and Audit Review Memorandum. Similarly, the representatives of the outsourced Internal Audit Function attended the ARMC meetings to table their respective Internal Audit reports.

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2017, the ARMC in discharging its duties and functions had carried out the following activities:

a) Financial Reporting

The ARMC reviewed the financial positions and quarterly interim financial reports for the 1st, 2nd, 3rd and 4th quarters of 2017 at its meeting held on 18 May 2017, 25 August 2017, 30 November 2017 and 23 February 2018 respectively before recommending them for the Board's consideration and approval for release to the public. In reviewing these financial results, the ARMC ensured the quarterly interim financial reports and Audited Financial Statements ('AFS') were prepared in compliance with the Malaysian Financial Reporting Standard ('MFRS') while the quarterly reports were produced in accordance with rule 9.22 and Appendix 9B of the AMLR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

b) Reports from External Auditors

- On 30 November 2017, the ARMC had reviewed with the EA their scope of work and audit plan as provided in the External Auditors' Audit Planning Memorandum for the financial year 2017 prior to the commencement of audit. The ARMC also had reviewed the EA's remuneration and made recommendation to the Board for acceptance.

- On 30 November 2017 and 23 February 2018, the ARMC had conducted private session meetings with the EA without the presence of the executive board members and management personnel of the Company.

- On 23 February 2018, the ARMC had deliberated and reviewed the EA's audit findings and recommendations, the audit report and the management letter, including management's response in relation to the audit findings of the Group for the financial year ended 31 December 2017.

- On 23 February 2018, the ARMC had reviewed and evaluated the performance of the EA. The ARMC has considered and reviewed the EA's experience, resources availability, independence, level of non-audit services, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees and their willingness to continue in office for the next financial year.

- Obtained confirmation and declaration from EA that they were independent and would be independent throughout their engagement. Messrs Crowe Horwath confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance with the International Federation of Accountant's Code of Ethics for Professional Accountants and the By-Laws (On professional Ethics, Conduct and Practice).

- On 23 February 2018, Messrs Crowe Horwath had indicated their intention to retire and would not be seeking for re-appointment at the forthcoming Annual General Meeting. The ARMC had subsequently met on 11 April 2018 and considered the proposed nomination of a new external auditors nominated by a shareholder for recommendation to the shareholders' approval at the forthcoming 3rd Annual General Meeting.

- On 11 April 2018, the ARMC had reviewed and discussed with the EA on the audited financial statements of the Group for the financial year ended 31 December 2017. The review was to ensure that the audited financial statements were drawn up in accordance with the provision of the Companies Act, 2016 and the applicable Approved Accounting Standards.

- Reviewed other significant matters and unusual events or transactions highlighted by the External Auditors as well as how these significant matters were addressed.

- Assessed the co-operation extended by the Management to the EA, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources of the finance department.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

c) Reports from Internal Auditors ("IA")

- On 18 May 2017, the ARMC had reviewed and considered the proposals for the engagement of IA and subsequently the ARMC had approved the appointment of Needsbridge Advisory Sdn. Bhd. as IA of the Company on 16 June 2017 and recommended them to the Board for approval.

- On 25 August 2017, the ARMC had reviewed and approved the internal audit review plan for the financial year 2017 and 2018 and recommended them for the Board's consideration and approval.

- On 30 November 2017, the ARMC had reviewed and discussed the Internal Audit Reports with the recommendations made by the IA on the areas of improvement. The report contained the findings, status, potential risks or implications, audit recommendations provided by the IA and corrective actions taken by management in addressing and resolving issues. The areas covered by the IA in 2017 encompassed Project Management and Governance Management.

- Reviewed and assessed the adequacy of the competency and effectiveness of the systems of Risk Management and Internal Control and the efficiency of the Group's operations in particular those relating to areas of significant risks.

d) Overall Governance Practices in the Group

- Reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the AMLR, principles of the Malaysian Code on Corporate Governance 2017, other applicable laws, rules, directives and guidelines.

- Reviewed the Statement of Risk Management and Internal Control, Corporate Governance Overview Statement and Audit and Risk Management Committee Report together with the IA and EA.

- Reviewed the Director's Responsibility, Other Compliance Information and Other Governance Disclosure and Financial indicators.

- Considered any related party transaction in order to ensure that they were not detrimental to the interests of the minority shareholders.

- Inquired on awareness of any incidences or suspicion of fraud that may have come to the ARMC's attention.

- Reviewed the Budget for the financial year ending 31 December 2018 prepared by management and ensured that the assumptions and estimates were reasonable and prudent;

e) Assurance from Chief Executive Officer ("CEO") and CFO on Group's Risk Management and Internal Control

Received assurance from the CEO and CFO that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement on Risk Management and Internal Control to the Board of Directors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

e) Assurance from Chief Executive Officer ("CEO") and CFO on Group's Risk Management and Internal Control (Cont'd)

The CEO and CFO assured that: -

- Appropriate accounting policies had been adopted and applied consistently.
- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate.
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs.
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and AMLR.
- The Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

6. INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Cabnet Group has outsourced its internal audit function to Needsbridge Advisory Sdn. Bhd., a professional internal audit services provider since 16 June 2017.

a) Main responsibilities of the IA

- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system.
- Perform a risk assessment of the Company to identify the business processes within the Company that internal audit should focus on.
- Perform any ad hoc appraisals, inspections, investigations, examinations, review requests of the ARMC or senior management as appropriate.
- Provide recommendations to strengthen the internal control procedures.

b) Activities of Internal Audit Function

- Before the commencement of the internal audit reviews, an internal audit plan is produced and presented to the ARMC for approval. This internal audit plan is developed taking into consideration of the Group's risk profile as well as Board's and management's concerns. Upon approval, internal audit reviews will be carried out in accordance with this approved plan and thereafter table bi-annually for ARMC to review the internal auditor reports and the progress of internal audit plan. This review is to ensure that the audit direction remains relevant and in line with the ARMC's expectations.
- Prior to the presentation of reports and findings to the ARMC, comments from the management are obtained and incorporated into the internal audit findings and reports.
- Follow up with Management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the ARMC at regular intervals. The ARMC in turn reviews the effectiveness of the system of internal controls in operations and reports the results thereon to the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

6. INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS (Cont'd)

b) Activities of Internal Audit Function (Cont'd)

- Evaluate the relevance, reliability and integrity of financial and management information.
- Assess the means of safeguarding assets and verify their existence.
- Ascertain the extent of compliance with established policies, procedures, plans, laws and regulations.
- The IA had attended two (2) ARMC meetings during the financial year 2017. The functional areas and operating processes reviewed by the Internal Auditors in 2017 encompassed Project Management and Governance Management.

The total cost incurred for the internal audit function outsourced in respect of the financial year ended 31 December 2017 was RM 18,318.

The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Company's systems of internal control.

This statement was approved by the Audit and Risk Management Committee on 11 April 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to rule 15.26(b) and Guidance Note 11 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance, the Board of Directors ("the Board") of Cabnet Holdings Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2017. The scope of this Statement includes the Company and all operating subsidiaries.

BOARD RESPONSIBILITIES

As per the Board Charter, the Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that are embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee while the Audit and Risk Management Committee, through its terms of reference approved by the Board, is delegated with the duty to review the adequacy and effectiveness of risk management and internal control systems of the Group and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group. Through the Audit and Risk Management Committee, the Board is kept informed on all significant control issues brought to the attention of the Audit and Risk Management Committee by the Management, the internal audit function and the external auditors.

The system of internal control covers, inter-alia, risk management as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT

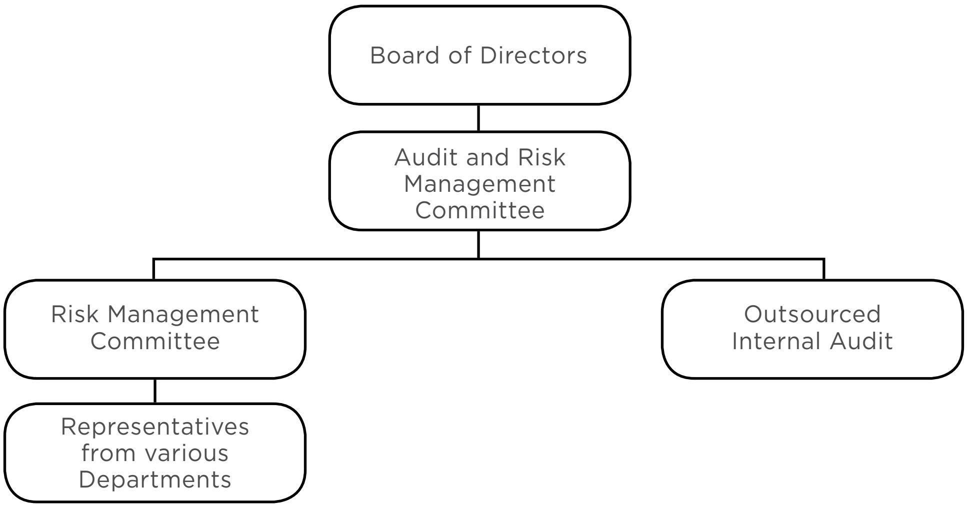
The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The Board had put in place a structured Risk Management Handbook, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second-line-of-defense. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Management Committee.

The Handbook was developed and customised based on the foundation of the Federation of European Risk Management Associations ("FERMA") 2002 (Risk Management Standard framework) and ISO31000:2009 in view of adopting the practices with the Group's distinct operations and environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (Cont'd)

The Risk Management Policy established lays down the risk management's objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the Audit and Risk Management Committee, Risk Management Committee, departmental representatives (as risk owners) and outsourced internal audit function are defined in the Risk Management Handbook. In particular, the roles and responsibilities of the Risk Management Committee in relation to the risk management are:

- set performance measures in relation to the risk management;
- to report on the risk profile;
- to perform continuous review of the business risks faced by the Group; and
- continuous implementation (including monitoring) of risk management process and practices.

On the other hand, the oversight roles of the Audit and Risk Management Committee in relation to the risk management as per its terms of reference are:

a. to determine, review and recommend risk management strategies, policies and risk tolerance;
b. to review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
c. to ensure adequate infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of our Company's risk originating activities;
d. to review periodic reports on risk exposure, risk portfolio composition and risk management activities of our Company;
e. to review and recommend new policies or changes to policies, and to consider their risk implications;
f. to review the impact of risk on capital adequacy and profitability under normal and stress scenarios;
g. to review and evaluate the various processes and systems engaged by our Company and to ensure that they are conducted within the standards and policies as set by our Board; and
h. to assess the adequacy of the business recovery/ disaster recovery procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (Cont'd)

In addition, the operational management team, i.e. the departmental representatives, is designated as risk owners within their area of expertise and operational responsibilities to provide/update input of risk profiles, to implement the risk management process and practices and to implement and assess control framework.

Systematic risk management process is stipulated in the Risk Management Handbook, whereby each step of the risk identification, risk evaluation, control evaluation and validation, risk treatment and control activities are laid down for application by the Risk Management Committee and the operational management. Risk assessment is guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. Based on the risk management process, risk profiles were compiled by the Risk Management Committee with relevant key risks identified before report to the Audit and Risk Management Committee. As an important risk monitoring mechanism, the Risk Management Committee is scheduled to review the risk profiles of all operating subsidiaries and assessment of emerging risks identified at strategic and operational level on half-yearly basis or on more frequent basis if circumstances required and to report to the Audit and Risk Management Committee on the results of the review and assessment.

During the financial year under review, the Risk Management Committee conducted a review and assessment exercise whereby existing strategic and key operational risks of all operating subsidiaries were reviewed with emerging risks assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. On 23 February 2018, risk profiles compiled were tabled to the Audit and Risk Management Committee for its review and deliberation on its adequacy and effectiveness of the risk management process and results, and for its reporting the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

The above formal process has been practiced by the Group since 20 December 2017 and up to the date of approval of this statement.

Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks.

The following are the key risk areas identified by Risk Management Committee:

a. Expanding the customer and market base;
b. Keeping up with technology changes and advancements;
c. Enhancing the project management skill;
d. Enhancing purchasing and stock control;
e. Managing the manpower and competency; and
f. Enhancing the IT system back-up and recovery process.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit and Risk Management Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:-

- **Board of Directors/Board Committees**

  Board Committees (i.e. Audit and Risk Management Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in formal Code of Ethics established and approved by the Board on 23 February 2018. This formal code forms the foundation of integrity and ethical value for the Group.

- **Organisation Structure and Authorisation Procedures**

  The Group has a formal organisation structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency.

  The authorisation requirement of the key control points of certain business processes are guided by the Authority Limit Matrix established by the Management and approved by the Chief Executive Officer with the authorisation procedures for rest of the processes are stated in the Group's policies and procedure.

- **Policies and Procedures**

  The Group has documented policies and procedures to regulate relevant key processes in compliance with its International Organisation for Standardisation ("ISO").

- **Human Resource Policy**

  Guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

  Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

- **Information and Communication**

  The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM (Cont'd)

- **Monitoring and Review**

  Internal audits are carried out by the internal audit functions (which reports directly to the Audit and Risk Management Committee) on key risk areas identified based on the internal audit carried out. The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlight potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit and Risk Management Committee.

  In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors serve as the fourth-line-of-defense.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, who, through the Audit and Risk Management Committee, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control.

The outsourced internal audit function is reporting to the Audit and Risk Management Committee directly and the engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) managers/assistant manager and five (5) senior consultants/consultants during the financial year under review.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the Audit and Risk Management Committee for its reporting to the Board for ultimate approval.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit and Risk Management Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (Cont'd)

Based on the review of the works performed and deliverables by the outsourced internal audit function during the financial year and terms of engagement, the Audit and Risk Management Committee and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken.

Risk-based internal audit plan in respect of financial year ended 31 December 2017 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified by the Management and the Senior Management's opinion, and was reviewed and approved by the Audit and Risk Management Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

Since the Company listing on ACE market in May 2017, the outsourced internal audit function has conducted review for project management of Cabnet Systems (M) Sdn Bhd based on the internal audit plan approved by the Audit and Risk Management Committee for the financial year ended 31 December 2017.

Upon the completion of the individual internal audit field work during the financial year, the internal audit report was presented to the Audit and Risk Management Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans were presented and deliberated with the members of the Audit and Risk Management Committee.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2017 amounted to RM18,318.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Chief Executive Officer, being highest ranking executive in the Company and Chief Financial Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review and up to date of the approval of this statement.

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, assurance provided by the Chief Executive Officer and the Chief Financial Officer, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Bursa Malaysia Securities Berhad defines Corporate Social Responsibility ("CSR") as "open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders and designed to deliver sustainable value to society at large". Based on this philosophy, the Group and the Company ("Cabnet") are committed to instilling a corporate culture that emphasises good CSR and corporate citizenship.

Environment

Cabnet recognises the importance of environment conservation and practices the 3R principles of "Recycle, Reuse and Reduce" in its daily operations such as minimising wastages, reusing printing papers and channeling waste cables and other materials from its project sites for recycle.

Quality Assurance

As part of Cabnet's continuous efforts to achieve customer satisfaction, we place strong focus on quality assurance throughout the entire process of our project lifecycle. Our quality assurance department is responsible for the design of our quality management system, aside from being assigned to ensure that all quality objectives are met with strict adherence to the standards prescribed under our quality management system, as well as field quality testing.

In line with this, one of our subsidiary company, Cabnet Systems (M) Sdn Bhd, as an ISO 9001:2008 (the international standard that specifies requirements for a quality management system) accredited company, had secured an upgrade of ISO 9001:2008 to ISO 9001:2015 ("ISO"). The audit process was completed during the financial year 2017 with the certificate for ISO 9001:2015 issued on 18 March 2018. Our quality management system and specific quality control plans are structured to meet the ISO standards.

Apart from quality management system, Cabnet is committed in meeting its standards of excellence by providing value-added solutions in meeting our esteemed customers' requirements. Research and Development ("R&D") division was set up in year 2016 for software development works, known as Cabnet Integrated Security Solutions ("CISS"), a software that integrates various brands of CCTVs and ACS onto a single platform which allows users to manage and control these systems from a centralised control room. The CISS also has a visitor management feature developed by Cabnet. The CISS is a value-added option to our customers and is not intended for sale, in view that there are other products in the market which have similar feature.

Workplace

Cabnet advocates a corporate philosophy of caring for its employees. We provide careers with growth opportunities, fair performance evaluation and reward systems, and ensure their well-being is addressed. The employees' welfare is usually at the top of any agenda in the organisation.

Safety and Health

Cabnet places great importance on safety aspects by promoting safe work practices to all employees. An in-house Health, Safety and Environmental Committee ("HSEC") was established on 1 September 2017. HSEC oversees and ensures the Group's health and safety procedures are appropriately adhered to by all employees. Regular meetings and activities have been structured into Cabnet's safety work schedules and are rigorously carried out by HSEC.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)

Employees' Welfare & Social Activities

Cabnet recognises the value of its employees. To promote closer working relationships and better understandings among the employees, social activities are organised, such as Company Annual Dinner and Family Outings, Jamuan Berbuka Puasa and monthly birthday celebrations for employees. These activities encourage employees from different departments and levels to interact, integrate and develop teamwork.

Skills Development

Cabnet has always recognised the important role of its employees. The management believes that efficient, effective, knowledgeable and satisfied employees are essential for the growth of the organisation. Towards this end, both in-house and external trainings are continuously provided to upgrade job knowledge and develop new skills. In addition, on-the-job training is conducted for new employees to ensure they are well equipped with the necessary skills to undertake the tasks assigned.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of the results and cash flows of the Group and of the Company for the financial year then ended.

During the preparation of the financial statements for the financial year ended 31 December 2017, the directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	5,237,104	1,523,257
Attributable to:-		
Owners of the Company	5,237,104	1,523,257

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2016 are as follows:-

	RM
In respect of the financial year 31 December 2017	
A first interim single tier dividend of 0.5 sen per ordinary share, paid on 10 October 2017	650,000

Subsequent to the end of financial year, the directors, on 11 April 2018, declared a second interim single tier dividend of 0.8 sen per ordinary share amounting to RM1,040,000 in respect of the current financial year, payable on 8 June 2018 to shareholders whose names appeared in the record of depositors on 11 May 2018. The financial statements for the current financial year do not reflect the above declared interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2018.

The directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM10,900,000 to RM22,660,000 by the issuance of 21,000,000 new ordinary shares at an issue price of 56 sen per ordinary share, as part of the listing scheme of the Company on ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT (CONT'D)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Datuk Tan Kok Hong @ Tan Yi	
Tay Hong Sing	
Tan Boon Siang	
Lim Ming Kee	
Loo Yong Peng	
Yong Thiam Yuen	(Appointed on 30.11.2017)
Abdul Mutalib Bin Idris	(Appointed on 20.3.2018)
Meachery Jo-Anne Joseph	(Appointed on 20.3.2018)
Xie Feng	(Appointed on 20.3.2018)
Ng Jun Lip	(Resigned on 15.3.2017)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Tan Ying Meng
Koh Thain Lin

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2017/ Date of Appointment	**Bought**	**Sold**	**At 31.12.2017**
The Company				
Direct Interests				
Tay Hong Sing	32,600,000	-	-	32,600,000
Tan Boon Siang	32,600,000	-	-	32,600,000
Lim Ming Kee	-	150,000	-	150,000
Loo Yong Peng	-	150,000	(150,000)	-
Datuk Tan Kok Hong @ Tan Yi	-	250,000	-	250,000
Yong Thiam Yuen	115,000	-	-	115,000

By virtue of their shareholdings in the Company, Tay Hong Sing and Tan Boon Siang are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30 (b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 30 (c) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed that they do not wish to seek re-appointment at the forthcoming annual general meeting.

The auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 11 April 2018.

Tay Hong Sing

Tan Boon Siang

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Tay Hong Sing** and **Tan Boon Siang**, being two of the directors of Cabnet Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 55 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 11 April 2018.

Tay Hong Sing

Tan Boon Siang

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Pauline Loh Yen Ping**, MIA Membership Number: 21673, being the officer primarily responsible for the financial management of Cabnet Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 55 to 102 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Pauline Loh Yen Ping, NRIC Number: 760616-01-7532,
in the state of Johor
on this 11 April 2018

Before me

Pauline Loh Yen Ping

Nur Amreeta Kavr Gubachen Singh
Commissioner for Oaths
No. J276

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CABNET HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cabnet Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 102.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We 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 Group and 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 Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Reasonableness of attributable profits arising from contract projects
Refer to Note 11 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>Most of the Group's revenue is derived from contract projects. This requires the use of estimates and significant judgement is required in determining the completeness and accuracy of the estimates. Substantial changes to the contract revenue and costs estimates in the future can have a significant effect on the Group's results.</td><td>To address this risk, our audit procedures involved the following by:

• making enquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the contract revenue and costs;
• evaluating the reasonableness of percentage of completion and recognition of contract revenue and costs by :-

(i) assessing the reasonableness of the estimated contract revenue by reviewing letter of awards, purchase orders and variation orders;
(ii) assessing the reasonableness of the estimated contract costs by agreeing to supporting documentation; i.e. approved budgets, quotations, correspondence, invoices, contracts and variation orders with sub-contractors and verifying the mathematical accuracy of percentage of completion at the reporting date.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF CABNET HOLDINGS BERHAD

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 Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF CABNET HOLDINGS BERHAD

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 skepticism throughout the audit. We also (cont'd):-

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Piong Yew Peng
Approval No: 03070/06/2019 J
Chartered Accountant

11 April 2018
Johor Bahru

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2017

		The Group		The Company	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Investments in subsidiaries	5	-	-	19,279,998	10,279,998
Property, plant and equipment	6	7,107,812	4,955,732	-	-
Investment property	7	-	550,000	-	-
Goodwill	8	98,942	98,942	-	-
Deferred tax assets	9	19,656	-	-	-
		7,226,410	5,604,674	19,279,998	10,279,998
CURRENT ASSETS					
Inventories	10	3,729,989	3,545,182	-	-
Amount owing by customers on contract	11	12,056,357	9,359,047	-	-
Trade receivables	12	15,953,820	12,843,237	-	-
Other receivables, deposits and prepayments	13	2,011,368	1,336,464	377,750	314,995
Amount owing by subsidiaries	14	-	-	4,992,063	6,000,103
Short-term investment	15	3,888,247	-	3,888,247	-
Fixed deposits with licensed banks	16	3,973,368	2,399,536	-	-
Cash and bank balances		6,744,035	5,951,108	493,082	210,387
Current tax assets		8,962	-	-	-
		48,366,146	35,434,574	9,751,142	6,525,485
TOTAL ASSETS		55,592,556	41,039,248	29,031,140	16,805,483
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	22,660,000	10,900,000	22,660,000	10,900,000
Reserves	18	20,695,797	16,692,693	6,172,740	5,883,483
TOTAL EQUITY		43,355,797	27,592,693	28,832,740	16,783,483
NON-CURRENT LIABILITIES					
Hire purchase payables	19	595,738	477,390	-	-
Term loans	20	1,728,680	1,667,242	-	-
Deferred tax liabilities	9	-	11,237	-	-
		2,324,418	2,155,869	-	-
CURRENT LIABILITIES					
Amount owing to customers on contract	11	-	308,503	-	-
Trade payables	21	6,190,801	7,192,252	-	-
Other payables and accruals	22	2,892,988	475,788	194,600	22,000
Bankers' acceptance	23	-	2,251,000	-	-
Hire purchase payables	19	228,428	224,136	-	-
Term loans	20	40,915	14,232	-	-
Bank overdrafts	24	-	669,834	-	-
Current tax liabilities		559,209	154,941	3,800	-
		9,912,341	11,290,686	198,400	22,000
TOTAL LIABILITIES		12,236,759	13,446,555	198,400	22,000
TOTAL EQUITY AND LIABILITIES		55,592,556	41,039,248	29,031,140	16,805,483

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	NOTE	The Group 2017 RM	The Group 2016 RM (Restated)	The Company 2017 RM	The Company 2016 RM
REVENUE	25	52,335,731	50,844,014	2,320,500	1,000,000
COST OF SALES		(39,134,930)	(38,908,369)	-	-
GROSS PROFIT		13,200,801	11,935,645	2,320,500	1,000,000
OTHER INCOME		456,554	492,488	83,931	5,383
ADMINISTRATIVE EXPENSES		(6,860,799)	(5,292,397)	(868,896)	(642,257)
FINANCE COSTS		(241,931)	(299,653)	-	-
OTHER OPERATING EXPENSES		(24,195)	(88,842)	-	-
PROFIT BEFORE TAXATION	26	6,530,430	6,747,241	1,535,535	363,126
INCOME TAX EXPENSE	27	(1,293,326)	(337,403)	(12,278)	-
PROFIT AFTER TAXATION		5,237,104	6,409,838	1,523,257	363,126
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,237,104	6,409,838	1,523,257	363,126
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		5,237,104	6,409,838	1,523,257	363,126
EARNINGS PER SHARE (SEN)					
Basic	35	4.30	6.05		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE SHARE PREMIUM RM	DISTRIBUTABLE RETAINED PROFITS RM	TOTAL RM
THE GROUP					
Balance at 1.1.2016		9,655,000	-	4,680,355	14,335,355
Profit after taxation/Total comprehensive income for the financial year		-	-	6,409,838	6,409,838
Issuance of shares	17	1,245,000	5,602,500	-	6,847,500
Balance at 31.12.2016/1.1.2017		10,900,000	5,602,500	11,090,193	27,592,693
Profit after taxation/Total comprehensive income for the financial year		-	-	5,237,104	5,237,104
Issuance of shares	17	11,760,000	-	-	11,760,000
Listing expenses		-	(584,000)	-	(584,000)
Dividends	28	-	-	(650,000)	(650,000)
Balance at 31.12.2017		22,660,000	5,018,500	15,677,297	43,355,797

	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE SHARE PREMIUM RM	DISTRIBUTABLE (ACCUMULATED LOSSES)/ RETAINED PROFITS RM	TOTAL RM
THE COMPANY					
Balance at 1.1.2016		9,655,000	-	(82,143)	9,572,857
Profit after taxation/Total comprehensive income for the financial year		-	-	363,126	363,126
Issuance of shares	17	1,245,000	5,602,500	-	6,847,500
Balance at 31.12.2016/1.1.2017		10,900,000	5,602,500	280,983	16,783,483
Profit after taxation/Total comprehensive income for the financial year		-	-	1,523,257	1,523,257
Issuance of shares	17	11,760,000	-	-	11,760,000
Listing expenses		-	(584,000)	-	(584,000)
Dividends	28	-	-	(650,000)	(650,000)
Balance at 31.12.2017		22,660,000	5,018,500	1,154,240	28,832,740

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	The Group		The Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM (Restated)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	6,530,430	6,747,241	1,535,535	363,126
Adjustments for:-				
Impairment loss on trade receivables	2,740	18,047	-	-
Bad debts written off	-	51,587	-	-
Depreciation of property, plant and equipment	529,158	402,028	-	-
Depreciation of investment property	10,083	-	-	-
Listing expenses	856,952	679,744	636,576	560,900
(Gain)/Loss on disposal of plant and equipment	(39,999)	46,026	-	-
Interest expense	241,931	299,653	-	-
Interest income	(222,395)	(86,836)	(83,931)	(5,383)
Plant and equipment written off	-	11,827	-	-
Reversal of impairment loss on trade receivables	(84,122)	(359,884)	-	-
Operating profit before working capital changes	7,824,778	7,809,433	2,088,180	918,643
Increase in inventories	(184,807)	(1,687,674)	-	-
Increase in amount owing by customers on contract	(2,697,310)	(3,071,519)	-	-
Increase in trade and other receivables	(4,019,100)	(1,251,512)	(377,750)	-
(Decrease)/Increase in amount owing to customers on contract	(308,503)	296,282	-	-
Increase/(Decrease) in trade and other payables	637,998	(188,987)	172,600	2,000
CASH FROM OPERATIONS	1,253,056	1,906,023	1,883,030	920,643
Income tax paid	(928,913)	(227,028)	(8,478)	-
NET CASH FROM OPERATING ACTIVITIES	324,143	1,678,995	1,874,552	920,643

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	NOTE	The Group 2017 RM	The Group 2016 RM (Restated)	The Company 2017 RM	The Company 2016 RM (Restated)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		222,395	86,836	83,931	5,383
(Placement)/Withdrawal of fixed deposit pledged to licensed bank		(754,832)	88,174	-	-
Placement of fixed deposits with maturity of more than 3 months		(10,934)	(1,032,804)	-	-
Proceeds from disposal of plant and equipment		40,000	139,500	-	-
Purchase of property, plant and equipment	29(a)	(960,571)	(491,485)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,463,942)	(1,209,779)	83,931	5,383
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		(650,000)	-	(650,000)	-
Interest paid	29(b)	(241,931)	(299,653)	-	-
Payment of listing expenses		(1,125,957)	(732,744)	(905,581)	(613,900)
Drawdown of term loans	29(b)	137,000	-	-	-
Repayment of bankers' acceptance	29(b)	(2,251,000)	(809,000)	-	-
Proceeds from issuance of ordinary shares		11,760,000	6,847,500	11,760,000	6,847,500
Repayment of hire purchase obligations	29(b)	(280,360)	(400,261)	-	-
Repayment of term loans	29(b)	(48,879)	(55,342)	-	-
Increase in amount owing by subsidiaries		-	-	(7,991,960)	(6,949,241)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		7,298,873	4,550,500	2,212,459	(715,641)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,159,074	5,019,716	4,170,942	210,385
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,281,274	261,558	210,387	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(c)	11,440,348	5,281,274	4,381,329	210,387

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 5.11 & 5.12, 5th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor
Principal place of business	:	No. 100, Jalan Ros Merah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 April 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)
Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. BASIS OF PREPARATION (Cont'd)

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014)
MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

Furthermore, pursuant to MFRS 9, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, the Group is required to recognise and measure a lifetime expected credit loss ("ECL") on its debt instruments. This application will result in earlier recognition of credit losses. The expected impact from implementation of MFRS 9 and the determination of ECL is expected to be immaterial to the Group.

MFRS 15: Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15 & Amendments to MFRS 15: Clarifications to MFRS 15
MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Company anticipates that the application of MFRS 15 in the future may have no material impact on the amounts reported and disclosures made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

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

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(e) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. In making the judgement, management evaluates based on experience and by relying the works of specialists.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group 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 outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(g) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences and unused tax losses could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group are remote.

(b) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 BASIS OF CONSOLIDATION (Cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 BASIS OF CONSOLIDATION (Cont'd)

(d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed off (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, 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 Group 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

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

(i) 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.

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 Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets 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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) 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.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS (Cont'd)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

(d) Derecognition

A financial asset or part of it 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.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Motor vehicles	10 - 20%
Office equipment, furniture, fittings and renovation	10 - 15%
Information and communication equipment	20 - 40%
Tools and equipment	10%

Building-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 IMPAIRMENT

(a) 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.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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.

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 financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 LEASED ASSETS

Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 EMPLOYEE BENEFITS (Cont'd)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.15 INCOME TAXES (Cont'd)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.16 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 Group. 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 OPERATING SEGMENTS

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

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.19 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.21 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Construction Contracts

The Group applies construction contracts accounting in respect of its design, build and installation project in accordance with MFRS 111.

Contract revenue are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion of contract cost incurred for work performed to date against total estimated costs where the outcome of project can be estimated reliably.

(b) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.21 REVENUE AND OTHER INCOME (Cont'd)

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2017 RM	The Company 2016 RM
Unquoted shares, at cost	19,279,998	10,279,998

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiary of the Company				
Cabnet Systems (M) Sdn. Bhd. ("Cabnet Systems")	Malaysia	100	100	Building management solutions which comprise structured cabling and extra low voltage ("ELV") systems
Subsidiaries of Cabnet Systems (M) Sdn. Bhd.				
Cabnet Technology Sdn. Bhd. #	Malaysia	-	100	Dormant
Cabnet Systems (Penang) Sdn. Bhd.	Malaysia	100	100	Building management solutions which comprise structured cabling and ELV systems
ITWin Technology Sdn. Bhd. * ("ITWin")	Malaysia	100	100	Information technology service as a complementary offering to building management solutions

The subsidiary has been struck off during the current financial year.

* *ITWin is 51% owned by Cabnet Systems and 49% owned by the Company.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2017 RM	Additions RM	Disposals RM	Transfer from Investment Property RM	Depreciation Charges RM	At 31.12.2017 RM
2017						
Carrying Amount						
Freehold land	1,757,358	-	-	-	-	1,757,358
Buildings	896,815	18,190	-	539,917	(22,721)	1,432,201
Building-in-progress	168,300	1,005,653	-	-	-	1,173,953
Motor vehicles	1,522,757	598,994	(1)	-	(321,907)	1,799,843
Office equipment, furniture, fittings and renovation	315,602	142,007	-	-	(69,253)	388,356
Information and communication equipment	46,435	313,995	-	-	(58,641)	301,789
Tools and equipment	248,465	62,483	-	-	(56,636)	254,312
	4,955,732	2,141,322	(1)	539,917	(529,158)	7,107,812

The Group	At 1.1.2016 RM	Additions RM	Disposals RM	Write off RM	Depreciation Charges RM	At 31.12.2016 RM
2016						
Carrying Amount						
Freehold land	1,757,358	-	-	-	-	1,757,358
Buildings	918,588	-	-	-	(21,773)	896,815
Building-in-progress	-	168,300	-	-	-	168,300
Motor vehicles	1,389,563	560,324	(185,526)	-	(241,604)	1,522,757
Office equipment, furniture, fittings and renovation	354,923	34,393	-	(11,827)	(61,887)	315,602
Information and communication equipment	40,646	29,525	-	-	(23,736)	46,435
Tools and equipment	252,550	48,943	-	-	(53,028)	248,465
	4,713,628	841,485	(185,526)	(11,827)	(402,028)	4,955,732

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2017			
Freehold land	1,757,358	-	1,757,358
Buildings	1,646,807	(214,606)	1,432,201
Building-in-progress	1,173,953	-	1,173,953
Motor vehicles	3,100,174	(1,300,331)	1,799,843
Office equipment, furniture, fittings and renovation	1,018,624	(630,268)	388,356
Information and communication equipment	647,023	(345,234)	301,789
Tools and equipment	796,998	(542,686)	254,312
	10,140,937	(3,033,125)	7,107,812

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2016			
Freehold land	1,757,358	-	1,757,358
Buildings	1,088,700	(191,885)	896,815
Building-in-progress	168,300	-	168,300
Motor vehicles	2,613,524	(1,090,767)	1,522,757
Office equipment, furniture, fittings and renovation	876,617	(561,015)	315,602
Information and communication equipment	333,028	(286,593)	46,435
Tools and equipment	734,515	(486,050)	248,465
	7,572,042	(2,616,310)	4,955,732

Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM1,092,664 (2016: RM1,172,123), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 19 to the financial statements.

The following assets at net book value have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 20, 23 and 24 to the financial statements:-

	2017 RM	2016 RM
Freehold land	1,757,358	1,757,358
Building-in-progress	929,153	-
Buildings	875,041	896,815
	3,561,552	2,654,173

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

7. INVESTMENT PROPERTY

	The Group	
	2017	2016
	RM	RM
Cost:-		
At 1 January	550,000	-
Additions	-	550,000
Transfer to property, plant and equipment	(550,000)	-
At 31 December	-	550,000
Accumulated depreciation:-		
At 1 January	-	-
Depreciation during the financial year	10,083	-
Transfer to property, plant and equipment	(10,083)	-
	-	-
	-	550,000
Represented by:-		
Freehold building	-	550,000
Fair value	-	550,000

8. GOODWILL

The goodwill arose from the acquisition of a subsidiary, ITWin.

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2017	2016
	RM	RM
ITWin	98,942	98,942

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. GOODWILL (Cont'd)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2017	2016	2017	2016	2017	2016
	%	%	%	%	%	%
ITWin	24	23	5.0	-	13.03	7.35

(i)	Budgeted gross margin	Gross margin achieved in the previous financial year immediately before the budgeted period
(ii)	Growth rate	Based on projected economic growth rate of Malaysia
(iii)	Discount rate (pre-tax)	Reflects specific risks relating to the relevant cash generating unit

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

9. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	At 1.1.2017 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2017 RM
2017			
Deferred Tax Liabilities			
Property, plant and equipment	(141,237)	(24,716)	(165,953)
Deferred Tax Assets			
Provisions	130,000	49,000	179,000
Unused tax losses	-	6,609	6,609
	130,000	55,609	185,609
	(11,237)	30,893	19,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

9. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

The Group	At 1.1.2016 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2016 RM
2016			
Deferred Tax Liabilities			
Property, plant and equipment	(128,437)	(12,800)	(141,237)
Deferred Tax Assets			
Provisions	135,200	(5,200)	130,000
Unrealised loss on foreign exchange	6,000	(6,000)	-
	141,200	(11,200)	130,000
	12,763	(24,000)	(11,237)

The deferred tax assets on provisions and unused tax losses have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The unused allowances can be carried forward to subsequent financial years until fully utilised.

10. INVENTORIES

	The Group 2017 RM	2016 RM
Project materials	2,966,621	2,146,881
Trading stocks	763,368	1,398,301
	3,729,989	3,545,182
Recognised in profit or loss:-		
Inventories recognised as cost of sales	32,140,728	29,746,739

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

	The Group	
	2017 RM	2016 RM
Aggregate costs incurred to date	53,870,430	34,916,689
Add: Attributable profits	23,505,615	15,344,740
	77,376,045	50,261,429
Less: Progress billings	(65,319,688)	(41,210,885)
At 31 December	12,056,357	9,050,544
Represented by:-		
Amount owing by customers on contract	12,056,357	9,359,047
Amount owing to customers on contract	-	(308,503)
	12,056,357	9,050,544

12. TRADE RECEIVABLES

	The Group	
	2017 RM	2016 RM
Trade receivables	16,044,179	13,017,979
Allowance for impairment losses	(90,359)	(174,742)
	15,953,820	12,843,237
Allowance for impairment losses:-		
At 1 January	174,742	516,579
Addition during the financial year	2,740	18,047
Reversal during the financial year	(84,122)	(359,884)
Written off during the financial year	(3,001)	-
At 31 December	90,359	174,742

The Group's normal trade credit terms range from 30 days to 90 days (2016: 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables are retention sums totalling RM652,680 (2016: RM628,513). The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 24 (2016: 6 to 24) months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	109,606	11,280	-	-
Advances to suppliers	1,009,917	704,472	-	-
Goods and services tax receivable	1,103	10,445	-	-
Deposits	713,279	248,830	319,000	-
Prepayments – listing expenses	-	314,995	-	314,995
Prepayments – others	177,463	46,442	58,750	-
	2,011,368	1,336,464	377,750	314,995

The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

14. AMOUNT OWING BY SUBSIDIARIES

The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amount owing is repayable on demand and to be settled in cash.

15. SHORT-TERM INVESTMENT

	The Group/The Company	
	2017 RM	2016 RM
Fair value through profit or loss financial asset		
- Money market funds (quoted in Malaysia)	3,888,247	-

The funds invest mainly into deposits and money market instruments and thus have minimum exposure to changes in market value.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date is 3.17% (2016: NIL) per annum.

There is no maturity period for money market funds as these monies are callable on demand.

The money market funds of the Group and of the Company are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

16. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.85% (2016: 2.95% to 4.35%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2016: 30 to 365) days for the Group.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM2,121,564 (2016: RM1,366,732) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 20, 23 and 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

17. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2017	2016	2017	2016
	Number of Shares		RM	RM
Authorised				
Ordinary shares of RM0.10 each	N/A	1,000,000,000	N/A	100,000,000

N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.

	The Group/The Company			
	2017	2016	2017	2016
	Number of Shares		RM	RM
Issued and fully paid-up Ordinary shares with no par value (2016: Par value of RM0.10 each)				
At 1 January	109,000,000	96,550,000	10,900,000	9,655,000
Issuance of new shares for cash	21,000,000	12,450,000	11,760,000	1,245,000
At 31 December	130,000,000	109,000,000	22,660,000	10,900,000

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

18. RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Share premium	5,018,500	5,602,500	5,018,500	5,602,500
Retained profits	15,677,297	11,090,193	1,154,240	280,983
	20,695,797	16,692,693	6,172,740	5,883,483

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2017 RM	2016 RM
Minimum hire purchase payments		
- not later than 1 year	264,324	254,594
- later than 1 year and not later than 5 years	637,243	520,510
	901,567	775,104
Less: Future finance charges	(77,401)	(73,578)
Present value of hire purchase payables	824,166	701,526
Analysed by:-		
Current liabilities	228,428	224,136
Non-current liabilities	595,738	477,390
	824,166	701,526

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring in 5 (2016: 5) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.45% to 7.09% (2016: 4.33% to 9.70%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

20. TERM LOANS (SECURED)

	The Group	
	2017 RM	2016 RM
Current liabilities	40,915	14,232
Non-current liabilities	1,728,680	1,667,242
	1,769,595	1,681,474

(a) The term loans are repayable over 240 (2016: 240) monthly instalments from the date of drawdown.

(b) The term loans are secured by:-

(i) legal charges over the landed properties of the Group as disclosed in Note 6 to the financial statements;

(ii) pledge of fixed deposits of the Group as disclosed in Note 16 to the financial statements;

(iii) jointly and severally guaranteed by certain directors of the Group; and

(iv) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

20. TERM LOANS (SECURED) (Cont'd)

(c) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate 2017 %	2016 %
Floating rate term loans	4.95% - 7.17%	7.35%

21. TRADE PAYABLES

The normal trade credit term granted to the Group range from 30 to 90 (2016: 30 to 90) days.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	419,725	16,795	90,431	-
Amount payables for purchase of property, plant and equipment	777,751	-	-	-
Goods and services tax payable	7,445	107,121	-	-
Accrued expenses	1,260,640	351,872	104,169	22,000
Deposits received	427,427	-	-	-
	2,892,988	475,788	194,600	22,000

23. BANKERS' ACCEPTANCE (SECURED)

The bankers' acceptance of the Group are secured in the same manner as the term loans as disclosed in Note 20 to the financial statements.

The bankers' acceptance were drawn for a period of up to 120 days which bore interest range from 3.83% to 5.66% per annum.

24. BANK OVERDRAFTS (SECURED)

The bank overdrafts of the Group are secured in the same manner as the term loans as disclosed in Note 20 to the financial statements.

The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 6.85% to 8.45% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

25. REVENUE

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Revenue arising from				
- Contract revenue	37,891,800	39,698,041	-	-
- Sales of goods	14,443,931	11,145,973	-	-
Dividend income	-	-	2,320,500	1,000,000
	52,335,731	50,844,014	2,320,500	1,000,000

26. PROFIT BEFORE TAXATION

	The Group 2017 RM	The Group 2016 RM (Restated)	The Company 2017 RM	The Company 2016 RM (Restated)
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees:-				
- current financial year	74,000	71,000	25,000	22,000
- under/(over)provision in the previous financial year	600	(3,000)	-	(2,000)
- non-audit fees:-				
- auditors of the Company	4,000	5,000	4,000	1,000
Bad debts written off	-	51,587	-	-
Depreciation of investment property	10,083	-	-	-
Depreciation of property, plant and equipment	529,158	402,028	-	-
Directors' remuneration (Note 30 (c)(i))	1,025,198	743,376	84,169	-
Impairment loss on trade receivables	2,740	18,047	-	-
Interest expenses				
- bank overdrafts	34,560	69,667	-	-
- bankers' acceptance	72,707	112,323	-	-
- hire purchase	45,722	35,184	-	-
- term loans	88,942	82,479	-	-
Listing expenses	856,952	679,744	636,576	560,900
Loss on disposal of plant and equipment	-	46,026	-	-
Property, plant and equipment written off	-	11,827	-	-
Realised loss on foreign exchange - trade	1,298	40,209	-	-
Rental expenses:-				
- equipment	72,031	56,750	-	-
- premises	129,991	145,780	-	-
Staff costs (including other key management personnel as disclosed in Note 30 (c)(ii)):-				
- short-term employee benefits	4,810,728	3,971,117	-	-
- defined contribution benefits	476,795	428,556	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

26. PROFIT BEFORE TAXATION (Cont'd)

	The Group		The Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM (Restated)
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Dividend income from subsidiaries	-	-	(2,320,500)	(1,000,000)
Gain on disposal of plant and equipment	(39,999)	-	-	-
Interest income	(222,395)	(86,836)	(83,931)	(5,383)
Realised gain on foreign exchange - trade	(1,453)	-	-	-
Rental income	(16,250)	(12,750)	-	-
Reversal of impairment loss on trade receivables	(84,122)	(359,884)	-	-

27. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax				
- Malaysian tax	1,332,981	317,000	11,000	-
- (over)/underprovision in the previous financial year	(8,762)	(3,597)	1,278	-
	1,324,219	313,403	12,278	-
Deferred tax (Note 9)				
- origination and reversal of temporary differences	(1,000)	26,000	-	-
- overprovision in the previous financial year	(29,893)	(2,000)	-	-
	(30,893)	24,000	-	-
	1,293,326	337,403	12,278	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

27. INCOME TAX EXPENSE (Cont'd)

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

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit before taxation	6,530,430	6,747,241	1,535,535	363,126
Tax expense at the statutory tax rate of 24% (2016: 24%)	1,567,303	1,619,338	368,529	87,150
Tax effects of:-				
Non-deductible expenses	521,891	287,987	199,391	152,850
Non-taxable income	-	-	(556,920)	(240,000)
Tax exempt income due to incentives for MSC status	(757,213)	(1,564,325)	-	-
(Over)/Underprovision of income tax in the previous financial year	(8,762)	(3,597)	1,278	-
Overprovision of deferred taxation in the previous financial year	(29,893)	(2,000)	-	-
Income tax expense for the financial year	1,293,326	337,403	12,278	-

A subsidiary of the Company namely Cabnet Systems was granted the MSC Malaysia status, which qualifies Cabnet Systems for the Pioneer Status incentive under the Promotion of Investments Act 1986. Cabnet Systems enjoyed full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 8 August 2012 to 7 August 2017.

28. DIVIDENDS

	The Group/The Company	
	2017 RM	**2016 RM**
First interim single tier dividends of 0.5 (2016: NIL) sen per ordinary share in respect of the current financial year	650,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

29. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group 2017 RM	The Group 2016 RM
Cost of property, plant and equipment purchased	(2,141,322)	(841,485)
Amount under other payables for purchase of property, plant and equipment	777,751	-
Amount financed through hire purchase (Note (b) below)	403,000	350,000
Cash disbursed for purchase of property, plant and equipment	(960,571)	(491,485)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase RM	Bank Overdrafts RM	Bankers' Acceptance RM	Total RM
2017					
At 1 January	1,681,474	701,526	669,834	2,251,000	5,303,834
Changes in Financing Cash Flows					
Proceeds from drawdown	137,000	-	-	-	137,000
Repayment of borrowing principal	(48,879)	(280,360)	(669,834)	(2,251,000)	(3,250,073)
Repayment of borrowing interests	(88,942)	(45,722)	(34,560)	(72,707)	(241,931)
Non-cash Changes					
New hire purchase (Note (a) above)	-	403,000	-	-	403,000
Finance charges recognised in profit or loss	88,942	45,722	34,560	72,707	241,931
At 31 December	1,769,595	824,166	-	-	2,593,761

Comparative information is not presented by virtue of the exemption given in MFRS 107.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

29. CASH FLOW INFORMATION (Cont'd)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term investment	3,888,247	-	3,888,247	-
Fixed deposits with licensed banks	3,973,368	2,399,536	-	-
Cash and bank balances	6,744,035	5,951,108	493,082	210,387
Bank overdrafts	-	(669,834)	-	-
	14,605,650	7,680,810	4,381,329	210,387
Less: Fixed deposits pledged to licensed banks	(2,121,564)	(1,366,732)	-	-
Fixed deposits with maturity of more than 3 months	(1,043,738)	(1,032,804)	-	-
	11,440,348	5,281,274	4,381,329	210,387

30. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries				
Dividend income	-	-	(2,320,500)	(1,000,000)
Director				
Rental expenses on premise	57,600	57,600	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

30. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of Key Management Personnel

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(i) Directors				
Directors of the Company				
Executive directors				
Short-term employee benefits:				
- fees	74,500	-	2,500	-
- salaries, bonuses and other benefits	487,200	430,961	-	-
	561,700	430,961	2,500	-
Defined contribution benefits	80,040	56,760	-	-
	641,740	487,721	2,500	-
Non-executive directors				
Short-term employee benefits:				
- fees	72,669	-	72,669	-
- salaries, bonuses and other benefits	9,000	-	9,000	-
	81,669	-	81,669	-
Directors of the Subsidiaries				
Short-term employee benefits:				
- fees	16,000	-	-	-
- salaries, bonuses and other benefits	255,287	228,439	-	-
	271,287	228,439	-	-
Defined contribution benefits	30,502	27,216	-	-
	301,789	255,655	-	-
Total directors' remuneration (Note 26)	1,025,198	743,376	84,169	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

30. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of Key Management Personnel (Cont'd)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(ii) Other Key Management Personnel				
Short-term employee benefits	477,038	344,225	-	-
Defined contribution benefits	53,700	41,040	-	-
Total compensation for other key management personnel (Note 26)	530,738	385,265	-	-

The estimated monetary value of benefits-in-kind provided to the directors of the Group was RM15,929 (2016: NIL).

31. OPERATING SEGMENTS

31.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment predominantly operates in Malaysia, namely building management solutions which comprise structured cabling, ELV systems and information technology services as a complementary offering to building management solutions.

31.2 MAJOR CUSTOMER

The following was major customer with revenue equal to or more than 10% of the Group's total revenue:-

	The Group	
	2017 RM	2016 RM
Customer A	-	5,931,738

There is no single customer that contributed 10% or more to the Group's revenue in current reporting period.

32. CAPITAL COMMITMENTS

	The Group	
	2017 RM	2016 RM
Approved and Contracted for		
Purchase of properties	1,010,599	137,700

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

33. CONTINGENT LIABILITIES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Bank guarantees given to third parties in relation to contracts and trade performance	1,828,440	1,679,050	-	-
Corporate guarantee given to licensed banks for credit facility granted to subsidiaries	-	-	1,769,595	2,556,768

34. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

34.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 20, 23 and 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2017	**2016**
	RM	**RM**
Effects on Profit After Taxation		
Increase of 25 (2016: 25) basis points	(2,357)	(6,048)
Decrease of 25 (2016: 25) basis points	2,357	6,048

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade 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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2016: 2) customers which constituted approximately 13% (2016: 32%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	2017 RM	2016 RM
Malaysia	15,953,820	12,843,237

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2017				
Not past due	12,296,943	-	-	12,296,943
Past due:				
- less than 3 months	1,884,351	-	-	1,884,351
- 3 to 6 months	1,087,859	-	-	1,087,859
- more than 6 months	684,667	-	-	684,667
- more than 1 year	90,359	(90,359)	-	-
	16,044,179	(90,359)	-	15,953,820

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

The ageing analysis of trade receivables is as follows (Cont'd):-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2016				
Not past due	11,445,205	-	-	11,445,205
Past due:				
- less than 3 months	994,610	-	-	994,610
- 3 to 6 months	304,366	(24,095)	-	280,271
- more than 6 months	85,826	(848)	-	84,978
- more than 1 year	187,972	(149,799)	-	38,173
	13,017,979	(174,742)	-	12,843,237

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Hire purchase payables	4.45% - 7.09%	824,166	901,567	264,324	637,243	-
Term loans	4.95% - 7.17%	1,769,595	2,662,682	191,054	829,278	1,642,350
Trade payables	-	6,190,801	6,190,801	6,190,801	-	-
Other payables and accruals	-	2,458,116	2,458,116	2,458,116	-	-
		11,242,678	12,213,166	9,104,295	1,466,521	1,642,350
2016						
Non-derivative Financial Liabilities						
Bankers' acceptance	3.83% - 5.66%	2,251,000	2,251,000	2,251,000	-	-
Hire purchase payables	4.33% - 9.70%	701,526	775,104	254,594	520,510	-
Term loans	7.35%	1,681,474	2,469,275	137,820	551,280	1,780,175
Trade payables	-	7,192,252	7,192,252	7,192,252	-	-
Other payables and accruals	-	368,667	368,667	368,667	-	-
Bank overdrafts	6.85% - 8.45%	669,834	669,834	669,834	-	-
		12,864,753	13,726,132	10,874,167	1,071,790	1,780,175

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities 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) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Other payables and accruals	-	194,600	194,600	194,600	-	-
2016						
Non-derivative Financial Liabilities						
Other payables and accruals	-	22,000	22,000	22,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group 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 Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM
Financial Assets				
Fair value through profit or loss				
Short-term investment	3,888,247	-	3,888,247	-
Loans and receivables financial assets				
Trade receivables	15,953,820	12,843,237	-	-
Other receivables and deposits	822,885	260,110	319,000	-
Amount owing by subsidiaries	-	-	4,992,063	6,000,103
Fixed deposits with licensed banks	3,973,368	2,399,536	-	-
Cash and bank balances	6,744,035	5,951,108	493,082	210,387
	27,494,108	21,453,991	5,804,145	6,210,490
Financial Liabilities				
Other financial liabilities				
Bankers' acceptance	-	2,251,000	-	-
Hire purchase payables	824,166	701,526	-	-
Term loans	1,769,595	1,681,474	-	-
Trade payables	6,190,801	7,192,252	-	-
Other payables and accruals	2,458,116	368,667	194,600	22,000
Bank overdrafts	-	669,834	-	-
	11,242,678	12,864,753	194,600	22,000

34. FINANCIAL INSTRUMENTS (Cont'd)

34.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
The Group								
2017								
Financial Assets								
Short-term investment	3,888,247	-	-	-	-	-	3,888,247	3,888,247
Financial Liabilities								
Hire purchase payables	-	-	-	-	850,097	-	850,097	824,166
Term loans	-	-	-	-	1,769,595	-	1,769,595	1,769,595
2016								
Financial Liabilities								
Hire purchase payables	-	-	-	-	745,177	-	745,177	701,526
Term loans	-	-	-	-	1,681,474	-	1,681,474	1,681,474
The Company								
2017								
Financial Assets								
Short-term investment	3,888,247	-	-	-	-	-	3,888,247	3,888,247

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

34.4 FAIR VALUE INFORMATION (Cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

- The fair value of short-term investment is determined at their quoted closing bid prices at the end of the reporting period.

- There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2017	2016
	%	%
Hire purchase payables	4.45 – 7.09	4.33 – 9.70

35. EARNINGS PER SHARE

	The Group	
	2017	2016
Profit after taxation/Profit attributable to owners of the Company (RM)	5,237,104	6,409,838
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	109,000,000	96,550,000
Effect of new ordinary shares issued	12,887,671	9,380,137
Weighted average number of ordinary shares at 31 December	121,887,671	105,930,137
Basic earnings per share (Sen)	4.30	6.05

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017 (CONT'D)

35. EARNINGS PER SHARE (Cont'd)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements except for events as disclosed in Note 36 to the financial statements.

36. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

On 19 March 2018, the Company proposed to undertake the following:-

(i) Proposed bonus issue of 48,750,000 new ordinary shares in the Company ("Bonus Shares") to be credited as fully paid-up on the basis of 3 Bonus Shares for every 8 existing ordinary shares held in the Company; and

(ii) Proposed bonus issue of 65,000,000 warrants on the basis of 1 warrant for every 2 ordinary shares held in the Company.

The proposals are subject to approvals from Bursa Malaysia Securities Berhad and shareholders at the forthcoming Extraordinary General Meeting.

37. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Consolidated Statement of Profit or Loss and Comprehensive Income (Extract):-		
Cost of sales	(38,908,369)	(38,658,613)
Other operating expenses	(88,842)	(338,598)
Statement of Cash Flows (Extract):-		
Net cash from operating activities	920,643	927,826
Net cash from investing activities	5,383	-
Net cash for financing activities	(715,641)	(717,441)
Consolidated Statement of Cash Flows (Extract):-		
Net cash from operating activities	1,678,995	1,262,298
Net cash for investing activities	(1,209,779)	(265,149)
Net cash from financing activities	4,550,500	4,022,567

LIST OF PROPERTIES

Location	Tenure (approximate age of building)	Description	Area in Square Feet	Existing Use	Registered Owner	Net Book Value as at 31.12.2017 (RM)	Date of Purchase
No. 100, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Freehold (23 years)	3-storey intermediate shop house	4,620 (Built-up area)	Office	Cabnet Systems (M) Sdn Bhd	520,675	9 Feb 2000
No. G-02, 1-02 and 2-02, Puchong Square, Jalan Layang-Layang 5, Bandar Puchong Jaya, 47170 Puchong, Selangor	Freehold (5 years)	3-storey intermediate shop house	5,727 (Built-up area)	Office	Cabnet Systems (M) Sdn Bhd	1,870,756	27 Aug 2012
No. 182, Jalan Mempelam, Taman Kota Jaya, 81900 Kota Tinggi, Johor Darul Takzim.	Freehold (19 years)	Double-storey intermediate shop house	3,520 (Built-up area)	Storage	Cabnet Systems (M) Sdn Bhd	240,968	31 Jul 2003
A-PH-07, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor.	Freehold (9 years)	Service apartment	1,555 (Built-up area)	Hostel	Cabnet Systems (M) Sdn Bhd	557,160	27 Dec 2016
#13-11, Tower A Pangsapuri Seri Kencana Setia, Jalan Storey, Bukit Senyum, 80300 Johor Bahru, Johor Darul Takzim.	Freehold (In-progress)	Service apartment	400 (Built-up area)	Not applicable	Cabnet Systems (M) Sdn Bhd	244,800	9 Jun 2016
PTD 11025 H.S.(D) 38609 Mukim Pantai Timur, Daerah Kota Tinggi, (Taman Sri Penawar - Desaru Avenue)	Leasehold (In-progress)	Double-storey corner shop house	1,988 (Built-up area)	Not applicable	ITWIN Technology Sdn Bhd	929,153	15 May 2017

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 20 MARCH 2018

Issued and paid up capital	:	RM22,660,000-00 comprised of 130,000,000 ordinary shares fully paid
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS ACCORDING TO STATISTICAL SUMMARY OF THE RECORD OF DEPOSITORS AS AT 20 MARCH 2018

Size of Share Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 to 99	3	0.46	111	0.00
100 to 1,000	66	10.19	48,389	0.04
1,001 to 10,000	342	52.78	1,900,900	1.46
10,001 to 100,000	182	28.09	6,813,400	5.24
100,001 to 6,499,999 (*)	52	8.02	30,037,200	23.11
6,500,000 and above (**)	3	0.46	91,200,000	70.15
TOTAL	648	100.00	130,000,000	100.00

* Less than 5% of Issued Shares
** 5% and above of Issued Shares

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 20 MARCH 2018

No.	Name of shareholders	No. of shares held	%
1	TAN BOON SIANG	29,250,000	22.50
2	TAY HONG SING	29,250,000	22.50
3	NETPOSA TECHNOLOGIES (HONG KONG) LIMITED	26,000,000	20.00
4	SIM YIAN FEI	4,050,000	3.12
5	TAN BOON SIANG	3,350,000	2.58
6	TAY HONG SING	3,350,000	2.58
7	KONG TZE SENN	3,150,000	2.42
8	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR ONG YOONG NYOCK (M78046)	2,500,000	1.92
9	TAN YING MENG	2,113,700	1.63
10	TAN TIAN YEE	1,644,300	1.26
11	CHIN HOON LIM	1,100,900	0.85
12	HO CHEE HONG	1,100,000	0.85
13	KOH THAIN LIN	1,020,000	0.78
14	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR BAKAT IMPIAN SDN. BHD. (M78093)	835,000	0.64
15	RYAN TAN HIAN WHAI	727,500	0.56
16	NG JUN LIP	563,200	0.43
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG TAK KEONG (6000698)	550,000	0.42
18	LIM LAI AN	520,000	0.40
19	NG JUN LIP	498,000	0.38
20	TAN YONG THAI	456,700	0.35

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 20 MARCH 2018 (Cont'd)

No.	Name of shareholders	No. of shares held	%
21	WILSON THAM WENG MENG	456,000	0.35
22	JOANNE LEE CHIAO WEY	450,000	0.35
23	LIM YAN BU	450,000	0.35
24	YAP NANG PHOR	450,000	0.35
25	RAVINDREN A/L VELLOO	434,200	0.33
26	LEONG LOW PEW	340,000	0.26
27	ONG PUAY LEE	326,800	0.25
28	CHONG KWONG CHIN	300,000	0.23
29	PHANG SUN WAH	298,200	0.23
30	TAN AH HENG	285,500	0.22
	TOTAL	**115,820,000**	**89.09**

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2018
(As per Register of Substantial Shareholders)

		No. of shares held			
No.	**Name of shareholders**	**Direct Interest**	**%**	**Deemed Interest**	**%**
1	TAY HONG SING	32,600,000	25.08	-	-
2	TAN BOON SIANG	32,600,000	25.08	-	-
3	NETPOSA TECHNOLOGIES (HONG KONG) LIMITED	26,000,000	20.00	-	-
4	NETPOSA TECHNOLOGIES LTD.	-	-	26,000,000 (1)	20.00
5	LIU GUANG	-	-	26,000,000 (2)	20.00

Note:-
(1) Deemed interested by virtue of Section 8 of the Companies Act, 2016, through its shareholding in NetPosa Technologies (Hong Kong) Limited.
(2) Deemed interested by virtue of Section 8 of the Companies Act, 2016, through his shareholding in NetPosa Technologies Ltd.

DIRECTORS' SHAREHOLDINGS AS AT 20 MARCH 2018
(As per Register of Directors' Shareholdings)

		No. of shares held			
No.	**Name of Directors**	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	DATUK TAN KOK HONG @ TAN YI	250,000	0.19	-	-
2.	TAY HONG SING	32,600,000	25.08	-	-
3.	TAN BOON SIANG	32,600,000	25.08	-	-
4.	YONG THIAM YUEN	115,000	0.09	-	-
5.	LIM MING KEE	150,000	0.12	-	-
6.	LOO YONG PENG	-	-	-	-
7.	ABDUL MUTALIB BIN IDRIS	-	-	-	-
8.	MEACHERY JO-ANNE JOSEPH	-	-	-	-
9.	XIE FENG	-	-	-	-

TAY HONG SING
No.8, Jalan Jelita 5
Taman Pelangi Indah
81800 Ulu Tiram, Johor

Date: 15 March 2018

The Board of Directors,
CABNET HOLDINGS BERHAD
Suite 5.11 & 5.12, 5th Floor,
Menara TJB, No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to the Companies Act, 2016, I, being a shareholder of the Company, hereby give notice of my intention to nominate MESSRS RSM MALAYSIA (AF 0768), Johor Branch, Suite 16-02, Level 16, Menara Landmark, No. 12, Jalan Ngee Heng, 80000 Johor Bahru, Johor, Malaysia for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming 3rd Annual General Meeting of the Company, to replace the retiring auditors, Messrs Crowe Horwath.

"That MESSRS RSM MALAYSIA be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully

....
TAY HONG SING

CABNET HOLDINGS BERHAD
(Company No.1121987-D)
(Incorporated in Malaysia)

PROXY FORM

No. of Shares Held	CDS Account No.

*I/We ______________________________ NRIC No./Company No. ______________
(Full Name In Capital Letters)

of (Full Address) ____

being a member / members of CABNET HOLDINGS BERHAD, hereby appoint: +

Name of Proxy *(Full Name)*	NRIC No. / Passport No.	% of Shareholding to be Represented *(Refer to Note 2)*
Address		

*and/or failing him/her,

Name of Proxy *(Full Name)*	NRIC No. / Passport No.	% of Shareholding to be Represented *(Refer to Note 2)*
Address		

*or failing him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 3rd Annual General Meeting of the Company to be held on Wednesday, the 30th day of May, 2018 at 9.00 a.m. held at the Pavilion Hall, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

Ordinary Business		**For**	**Against**
Ordinary Resolution 1	Re-election of MR. LIM MING KEE		
Ordinary Resolution 2	Re-election of MR. YONG THIAM YUEN		
Ordinary Resolution 3	Re-election of MR. ABDUL MUTALIB BIN IDRIS		
Ordinary Resolution 4	Re-election of MS. MEACHERY JO-ANNE JOSEPH		
Ordinary Resolution 5	Re-election of MR. XIE FENG		
Ordinary Resolution 6	Approval of Directors' Fees (FY2017)		
Ordinary Resolution 7	Approval of Directors' Fees (FY2018)		
Ordinary Resolution 8	Approval of Directors' Benefits (for the period from 31st January 2017 to 3rd AGM)		
Ordinary Resolution 9	Approval of Directors' Benefits (for the period from 3rd AGM to 4th AGM)		
Ordinary Resolution 10	Appointment of Messrs RSM Malaysia as Auditors		

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)
+ where more than two (2) proxies are appointed, a separate annexure based on the format should be attached.
** delete where applicable.*

Signed this ______________ day of ____________________ 2018

____
*Signature/Common Seal of member(s)

NOTES

1. *Pursuant to Section 334 of the Companies Act, 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member may appoint more than two (2) proxies to attend the same meeting. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy provided that in the case of a vote on any question by show of hands, only one (1) of the proxies so appointed shall be entitled to vote.*
3. *Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor duly authorised or, if the appointor is a corporation, either under Seal or under the hand of an officer duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.*
5. *For this form to be valid, any alterations or amendments to this form or the information contained herein must be initialled against by the appointor.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of poll, and in default the instrument of proxy shall not be treated as valid.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2018, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Affix
Stamp

The Company Secretary

CABNET HOLDINGS BERHAD (1121987-D)
Registered Office
Suite 5.11 & 5.12, 5th Floor,
Menara TJB, No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor, Malaysia

Cabnet Holdings Berhad (1121987-D)

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