

# Leveraging Expertise



Annual Report  
**2015**



# 26<sup>TH</sup> ANNUAL GENERAL MEETING

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**Date** : 25th May 2016

**Time** : 11.00 a.m.

**Venue** : Conference Room, 10th Floor,  
Menara Apex, Off Jalan Semenyih,  
Bukit Mewah, 43000 Kajang,  
Selangor Darul Ehsan.

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 26th Annual General Meeting of the members of Apex Equity Holdings Berhad will be held at the Conference Room, 10th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 11.00 a.m. for the following purpose:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon.  
**(Please refer to Explanatory Note 1)**
2. To declare a Single Tier Final Dividend of 5 sen per share for the financial year ended 31 December 2015.  
**Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with Article 102 of the Company's Articles of Association:  
  
(a) Mr. Lee Cheow Fui  
**Resolution 2**  
  
(b) Y.Bhg. Dato' Vijaya Kumar A/L T.Chornalingam  
**Resolution 3**
4. To re-appoint Messrs Crowe Horwath as the Auditors of the Company and to authorize the Directors to fix their remuneration.  
**Resolution 4**

## Special Business

5. To approve the payment of Directors' fees of RM50,000.00 each to the Non-Executive Directors in respect of financial year ended 31 December 2015.  
**Resolution 5**
6. **AUTHORITY TO ALLOT SHARES IN ACCORDANCE TO SECTION 132D OF THE COMPANIES ACT, 1965**

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

**"THAT** subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/ regulatory bodies, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit PROVIDED THAT the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting."

**Resolution 6**



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## 7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

**"THAT** subject to the Companies Act, 1965 ("the Act"), rules, regulations, orders and guidelines made pursuant to the Act, and the requirements of Bursa Malaysia Securities Berhad ("BMSB"), and other relevant authorities, the Directors of the Company be and are hereby unconditionally and generally authorized to:

- (i) buy-back shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit ("the Proposed Share Buy-Back"), provided that the aggregate number of shares which may be purchased and/or held by the Company pursuant to this Resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the total funds allocated shall not exceed the total retained earnings and share premium of the Company which would otherwise be available for dividends AND THAT such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within the next AGM is required by law to be held, whichever occurs first);
- (ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to BMSB in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale of the decision so made;

- (iii) deal with the shares purchased in the manner prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of BMSB and any other relevant authorities for the time being in force; and
- (iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares."

### Resolution 7

## 8. RETENTION OF INDEPENDENT DIRECTOR

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

**"THAT** approval be and is hereby given to Y. Bhg. Dato' Azizan bin Abd Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

### Resolution 8

9. To transact any other ordinary business of which due notice shall be given.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the shareholders' approval for the payment of Single Tier Final Dividend of 5 sen per share in respect of the financial year ended 31 December 2015 ("Dividend") under Resolution 1 at the 26th Annual General Meeting of the Company, the Dividend will be paid to the Shareholders on 27 June 2016. The entitlement date for the Dividend shall be 10 June 2016.

Shareholders of the Company will only be entitled to the Dividend in respect of:

- a) securities transferred into their securities account before 4.00 p.m. on 10 June 2016 for transfers; and
- b) securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**Tan Cheng Han** (MIA 11280)

**Low Kim Heow** (MAICSA 7007682)

**Ng Heng Hooi** (MAICSA 7048492)

**Wong Mee Kiat** (MAICSA 7058813)  
Company Secretaries

Kajang 28 April 2016

## Notes:

1. For purpose of determining who shall be entitled to attend this meeting in accordance with Article 68(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2016 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the meeting in person to vote. The instrument appointing the proxy shall be in writing. If the appointor is a corporation the proxy appointed must be in accordance with the Memorandum and Articles of Association of the corporation, and the instrument appointing a proxy shall be given under the corporation's common seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf.
3. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee ("EAN"), as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

5. All forms of proxy must be deposited at the Company's Registered Office at 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. Any alteration in this form must be properly signed by the member.

## EXPLANATORY NOTES ON SPECIAL BUSINESS:

### Item 1 of the Agenda

The agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

#### Resolution 5:

The proposed Ordinary Resolution is in accordance with Article 110 of the Company's Articles of Association and if passed, will authorize the payment of Directors' Fees to the Non-Executive Directors of the Company for their services as Directors for the financial year ended 31 December 2015.

#### Resolution 6:

The proposed Ordinary Resolution, if passed, will authorize the Directors of the Company to issue not more than 10% of the issued share capital of the Company subject to the approvals of all relevant governmental/regulatory bodies.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The purpose of the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

#### Resolution 7:

The proposed Ordinary Resolution, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the issued and paid up share capital of the Company by utilizing the funds allocated which shall not exceed the total retained earnings and share premium of the Company. The authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. For further information, please refer to the Circular to Shareholders dated 28 April 2016.

#### Resolution 8:

The Nominating Committee has assessed the independence of Y.Bhg. Dato' Azizan bin Abd Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue act as an Independent Non-Executive Director of the Company based on the following justifications:

- a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company for more than nine (9) years and is familiar with the Company's business operations and the property development market; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

# DIRECTORS' PROFILE

## MR. CHAN GUAN SENG

### Executive Chairman / Executive Director

Malaysian, aged 62, Mr. Chan Guan Seng was appointed to the Board of Apex Equity Holdings Berhad ("APEX") on 21 November 1990. He retired at the 22nd Annual General Meeting held on 21 June 2012 and was subsequently appointed to the Board of APEX on 26 June 2012. He is also the Managing Director of JF Apex Securities Berhad ("JFAS"), a wholly owned subsidiary of APEX. He is a member of the Remuneration Committee.

Mr. Chan graduated with a Bachelor of Commerce (Honours) Degree from the University of Melbourne, Australia in 1976. He was a Fellow member of the Institute of Chartered Accountants, Australia. Mr. Chan has a total of thirty-six (36) years working experience in the securities industry.

Mr. Chan attended four (4) Board meetings held during the year ended 31 December 2015.

Mr. Chan is a substantial shareholder of APEX. His shareholdings are disclosed on Page 131 of this Annual Report. He has no conflict of interest with APEX. He has no convictions for any offences in the past ten (10) years.

## Y.BHG. DATO' AZIZAN BIN ABD RAHMAN, DMSM, DSDK

### Independent Non-Executive Director

Malaysian, aged 66, Y.Bhg. Dato' Azizan was appointed to the Board of Apex Equity Holdings Berhad ("APEX") on 21 November 1990. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Y.Bhg. Dato' Azizan started his career as a Shipping Executive at Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. He joined Pernas MISC Shipping Agencies Sdn Bhd as a Branch Manager in 1975 until 1980 serving in Penang and Johor. He then became MISC Marketing Manager in the Tanker Department and was later attached to Panocean Tankers Ltd. in London.

Y.Bhg. Dato' Azizan left MISC to join JF Apex Securities Berhad in 1982 as Director and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of Chairman of the Association of Stockbroking Companies of Malaysia until he left the industry. Y.Bhg. Dato' Azizan is currently the Chairman of Eastern & Oriental Berhad and Chairman of TH Properties Sdn. Bhd. and also sits on the board of TH Plantations Berhad.

Y.Bhg. Dato' Azizan attended four (4) Board meetings held during the year ended 31 December 2015.

Y.Bhg. Dato' Azizan is a shareholder and has no conflict of interest with APEX. His shareholdings are disclosed on Page 131 of this Annual Report. He has no family relationship with any directors or substantial shareholders of APEX. He has no convictions for any offences within the past ten (10) years.



### MR. LEOW YAN SEONG @ LIEW PIN

#### Independent Non-Executive Director

Malaysian, aged 69, Mr. Leow was appointed to the Board of Apex Equity Holdings Berhad ("APEX") on 5 December 2008. He is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Mr. Leow graduated with a Bachelors of Economics – Accounting (Honours) Degree from University of Malaya. He has more than thirty-three (34) years working experience including general management. He also has experience in developing proper systems, building in suitable internal controls to ensure the integrity of the business.

Mr. Leow attended four (4) Board meetings held during the year ended 31 December 2015.

Mr. Leow is a shareholder and has no conflict of interest with APEX. His shareholdings are disclosed on Page 131 of this Annual Report. He has no family relationship with any directors or substantial shareholders of APEX. He has no convictions for any offences within the past ten (10) years.

### Y.BHG. DATO' VIJAYA KUMAR A/L T.CHORNALINGAM

#### Senior Independent Non-Executive Director

Malaysian, aged 64, Y.Bhg. Dato' Vijaya Kumar was appointed to the Board of Apex Equity Holdings Berhad ("APEX") on 4 September 2012. He is the Chairman of the Nominating Committee and a member of the Remuneration Committee. He is also the Senior Independent Director of the Company.

Y.Bhg. Dato' Vijaya Kumar graduated with Bachelor of Laws LLB (Hons) from the National University of Singapore in April 1975. Later that year, he was admitted as an Advocate & Solicitor of the High Court of Malaya. In year 1991, Y.Bhg. Dato' Vijaya Kumar was admitted as an Advocate & Solicitor of the Singapore High Court.

After a number of years in practice, Y.Bhg. Dato' Vijaya Kumar joined Messrs Sri Ram & Co (now known as Messrs Kumar Partnership). In year 1994, he was appointed as Managing Partner and held that position until year 2008. Presently, Y.Bhg. Dato' Vijaya Kumar is a Consultant at Messrs Kumar Partnership, an established law firm with affiliations in Asia, Australia and the European Union.

Y.Bhg. Dato' Vijaya Kumar has been practicing as an Advocate & Solicitor for 40 years in Malaysia. He remains in active practice and continues to act and appear in numerous high profile cases.

Besides being involved in legal practice, Y.Bhg. Dato' Vijaya Kumar has served as a Director in several public listed companies and until recently was a Director and Chairman of Oriental Capital Assurance Berhad. He currently serves as a Director to the ABN Group of Companies which is involved in the media industry.

Y.Bhg. Dato' Vijaya Kumar attended three (3) Board meetings held during the year ended 31 December 2015.

Y.Bhg. Dato' Vijaya Kumar has no conflict of interest with APEX. He has no family relationship with any directors or substantial shareholders of APEX. He has no convictions for any offences within the past ten (10) years.

### MR. LEE CHEOW FUI

**Independent Non-Executive Director**

Malaysian, aged 59, Mr. Lee was appointed to the Board of Apex Equity Holdings Berhad ("APEX") on 8 October 2012. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mr. Lee graduated from the University of New South Wales, Australia in 1979 with a Bachelor of Commerce degree. Professionally, he is a fellow of the Institute of Chartered Accountants in Australia, member of CPA Australia, the ISCA Singapore and the Malaysian Institute of Accountants.

He started his career with Touche Ross & Co in Sydney, Australia soon after graduation until his return to Malaysia in 1982. From 1982 to 1992, he was working for the ACI International group as finance manager in Malaysia, ACI was an Australian conglomerate with glass container and building products businesses in Malaysia. ACI International was subsequently acquired by BTR-Nylex Ltd and he was appointed as the regional finance head for the Asia buildings products division based in Singapore. In 1992, he left to join the corporate office of Fraser and Neave Limited as their Deputy Corporate Finance Manager. In 1996, he returned to Malaysia once again, as the Chief Financial Officer of the newly formed Fraser & Neave Holdings Bhd, which he had helped to setup. In 2007, he initiated a major acquisition for the group and soon after, he was appointed as the Chief Operating Officer for the dairies product division, the position he held until his retirement in May 2012.

A professional manager all his life and in recognition for his efforts during his career, he was selected as one of the winners in the Asia Pacific Entrepreneurial Awards for 2011.

Mr Lee also served on the Boards of Tien Wah Press Holdings Berhad and Esthetics International Group Berhad.

Mr. Lee attended four (4) Board meetings held during the year ended 31 December 2015.

Mr. Lee has no conflict of interest with the APEX group. He has no family relationship with any directors or substantial shareholders of APEX. He has no convictions for any offences within the past ten (10) years.



On behalf of the Board of Directors of **Apex Equity Holdings Berhad**, I have the pleasure of presenting to you the Annual Report and the Audited Financial Statements for the financial year ended (FYE) 31 December 2015.

# CHAIRMAN'S STATEMENT

The local bourse continued its sluggish mode for most of the time in 2015, exhibiting sideways trading pattern in a directionless trend. The local benchmark index had a strong start during first quarter of 2015, hitting the year-high of 1862 points before seeing a sharp market correction which dragged down the index to as low as 1532 points in mid-2015. Heightened volatility unsettled the market with the FBM KLCI tumbled close to 4% for the full year 2015. This was mainly triggered by massive foreign selling pursuant to the re-emerged crude oil slump and depreciation of Malaysian Ringgit against US Dollar. The net outflow of foreign fund from Malaysian equity market stood at RM20.1 billion for 2015, far exceeded the net outflow of RM4.1 billion in 2014.

The momentum of capital market activity slightly tapered off in year 2015 with 13 new listings in Bursa Malaysia, as compared to total number of 15 IPOs in 2014. The year saw listings of mainly small-and-mid cap stocks with fewer mega-sized IPOs. Overall, fund raised by new listings and secondary market for 2015 totalled at RM21.2 billion, which was 12.8% lower than last year of RM24.3 billion. In respect of equity trading activities, the local bourse achieved lower average daily value of RM1.99 billion for the year, down 3% against RM2.05 billion in 2014, as affected by lower participations of domestic institutions and retail investors. Meanwhile, the average daily contracts for the derivatives market increased 12.8% year-on-year lifted by volatility in Crude Palm Oil prices and FBM KLCI.

# CHAIRMAN'S STATEMENT

## (CONT'D)

It is pleased to announce that despite the challenges faced, the Apex Group has accomplished noteworthy achievements during the year. On this note and on behalf of the Board of Directors of Apex Equity Holdings Berhad, I have the pleasure of presenting to you the Annual Report and the Audited Financial Statements for the financial year ended (FYE) 31 December 2015.

### FINANCIAL RESULTS

For the year ended 31 December 2015, the Apex Group achieved lower revenue of RM45.9 million as compared to RM72.2 million in 2014, a 36.4% decrease. Similarly, the Group's pre-tax profit also declined to RM22.1 million from RM34.7 million recorded in the previous financial year, a 36.3% decrease. The lower results posted for this financial year was mainly due to decrease in brokerage income, money lending and property development income coupled with lower gain on disposal of investments.

In tandem with the falling revenue, the Group recorded net profit of RM18.4 million, declining 36.1% from RM28.8 million a year ago. Hence, the Group's earnings per share for the period under review decreased to 9.0 sen from 14.2 sen previously.

In the meantime, shareholders' funds decreased marginally by 2.1% to RM285.6 million for the financial year 2015 from RM291.7 million a year ago mainly due to decrease in reserves. Thus, the Group's net asset per share reduced to RM1.41 from RM1.44 the previous year.

### DIVIDENDS

The Board of Directors has declared a single-tier final dividend of 5 sen for the current financial year ended 31 December 2015. The proposed final dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting to be held.

### PROSPECTS

Malaysia recorded a resilient gross domestic product (GDP) growth of 5% in 2015, which tapered off from a strong growth of 6% in 2014 mainly dragged down by weaker exports and domestic consumption. In view of plunge in crude oil prices and further slowdown of China economic growth, the government trimmed its 2016 GDP growth outlook to 4.0%-4.5% from an earlier projection of 4.0%-5.0%. However, the government still commits to its

budget deficit target of 3.1% of GDP amidst shrinking national revenue as to maintain the country's sovereign credit ratings. Moving forward, we believe the domestic economy continues to grow moderately, albeit at a slower pace, underpinned by the recent measures introduced under recalibrated Budget 2016 and the continuous execution of mega projects highlighted under 11th Malaysia Plan (11MP) which render higher multiplier effect to the economy.



1st Runner Up  
2014 Best Retail Equities Participating  
Organisation



## CHAIRMAN'S STATEMENT

(CONT'D)



We expect capital market to remain challenging, and market volatility to continue, with global and domestic factors such as monetary policy, overall financial results of the public listed companies, movement of crude oil prices and strength of the Malaysian Ringgit continuing to affect market performance. Malaysia, as a highly open economy, will have to continue managing the impact of these external factors whilst staying on course to becoming a sustainable capital market and developed economy by 2020.

We foresee another tough year ahead for stockbroking industry especially standalone broker like us with the shrinking of retail participation in the equity market and the intense competition of the industry landscape besides the cautious broader market outlook. Nevertheless, the Board is cautiously optimistic that the Group will remain profitable in 2015. We will continue to adopt sound business strategies by offering diversified investment products to cater for the needs of retail, corporate and institutional clients and deepen our market penetration via kiosk and branch expansion in selected strategic locations, managing costs efficiently and optimising internal operations.

Also, we will continue to provide, train and instill leadership qualities to enhance staff development which in turn will create a dynamic and professional management team to manage our business in a profitable way and also to fulfill our social and corporate responsibilities.

The Group successfully clinched the award of "1st Runner Up - Best Retail Equities Participating Organisation (Non-Investment Bank)" category at "The Bursa Malaysia Brokers Awards 2014".

### BUSINESS DIRECTIONS

Moving forward, the Group will leverage on technology and find new ways to innovate its paths and services so as to remain relevant, reach new clientele and stimulate investors' interest in the stock market. Once again, we would like to assure all of our shareholders that we remain committed in building our business and capitalising on any emerging opportunities for long-term sustainable growth both in our profitability and for the wealth of our stakeholders'.

### APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to the directors, management team and all the employees of Apex Group for their commitment, expertise, loyalty and continuous dedication towards the growth of the group.

I would also like to take this opportunity to thank our shareholders, customers, business associates and bankers for their continuous co-operation, support and confidence in the group. Last but not least, I would like to record my thanks to all the relevant regulatory authorities for their support and assistance throughout the financial year.

**Chan Guan Seng**  
Executive Chairman



# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Chan Guan Seng**  
Executive Chairman

**Y.Bhg. Dato' Azizan bin  
Abd Rahman, DMSM**  
Independent Non-  
Executive Director

**Leow Yan Seong @ Liew Pin**  
Independent Non-Executive Director

**Y.Bhg. Dato' Vijaya Kumar A/L  
T.Chornalingam**  
Senior Independent Non-  
Executive Director

**Lee Cheow Fui**  
Independent Non-Executive Director

## COMPANY SECRETARIES

**Tan Cheng Han** (MIA 11280)  
**Low Kim Heow** (MAICSA 7007682)  
**Ng Heng Hooi** (MAICSA 7048492)  
**Wong Mee Kiat** (MAICSA 7058813)

## AUDIT COMMITTEE

**Leow Yan Seong @ Liew Pin**  
(Chairman)

**Y.Bhg. Dato' Azizan bin  
Abd Rahman, DMSM**  
(Member)

**Lee Cheow Fui**  
(Member)

## NOMINATING COMMITTEE

**Y.Bhg. Dato' Vijaya Kumar  
A/L T.Chornalingam**  
(Chairman)

**Y.Bhg. Dato' Azizan bin  
Abd Rahman, DMSM**  
(Member)

**Leow Yan Seong @ Liew Pin**  
(Member)

**Lee Cheow Fui**  
(Member)

## REMUNERATION COMMITTEE

**Lee Cheow Fui**  
(Chairman)

**Y.Bhg. Dato' Azizan bin  
Abd Rahman, DMSM**  
(Member)

**Y.Bhg. Dato' Vijaya Kumar A/L  
T.Chornalingam (Member)**  
(Member)

**Leow Yan Seong @ Liew Pin**  
(Member)

**Chan Guan Seng**  
(Member)

## SENIOR INDEPENDENT DIRECTOR

**Y.Bhg. Dato' Vijaya Kumar A/L  
T.Chornalingam**  
Tel : 03-8736 1118  
Email : sid@jfafex.com.my

## REGISTERED OFFICE

6th Floor, Menara Apex,  
Off Jalan Semenyih, Bukit Mewah,  
43000 Kajang, Selangor Darul Ehsan.  
Tel : 03-8736 1118  
Fax : 03-8737 3261  
Website : www.apexequity.com.my

## SHARE REGISTRAR

**Sectrars Management Sdn. Bhd.**  
Lot 9-7, Menara Sentral Vista,  
No. 150, Jalan Sultan Abdul Samad,  
Brickfields, 50470 Kuala Lumpur.  
Tel : 03-2276 6138/6139  
Fax : 03-2276 6131

## AUDITORS

**Crowe Horwath Chartered Accountants**  
Kuala Lumpur Office, Level 16,  
Tower C, Megan Avenue II,  
12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.  
Tel : 03-2788 9999  
Fax : 03-2788 9998

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Standard Chartered Bank Malaysia Berhad  
HSBC Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad  
Stock Short Name : APEX  
Stock Code : 5088

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ('the Board') of Apex Equity Holdings Berhad is committed to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), and to ensure that the highest standard of corporate governance is applied throughout the Group. Set out below is a statement of how the Company and Group have applied the principles and recommendations of the MCCG 2012.

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Board should establish clear functions reserved for Board and Management

The Board has approved the list of matters reserved for the Board with clear functions between the Board and Management. The Board has responsibility for the overall management and performance of the Group. While the Board has delegated the day-to-day management of the Group to the Executive Chairman, there is a formal schedule of matters reserved for the Board which provides a framework for the Board to oversee control of the Group's affairs. The Board will consider the recommendations of the Management amongst others in respect of finance, operational and business control. The delineation of roles is set out in the Board Charter and is referred by the Board for its activities. The Board Charter shall be reviewed by the Board annually to ensure they remain consistent with the Board's objectives and responsibilities, and relevant laws, regulations, guidelines and standards of corporate governance.

The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Nominating Committee and Remuneration Committee. Each Board Committee has its own terms of reference to regulate its meetings and functions. The Board Committees will report to the Board on matters discussed at their respective meetings and to highlight any matters requiring their attention. The Board may delegate to Board committees matters it is responsible for, including the approval of remuneration of the Board, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

### 1.2 Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

#### Reviewing and adopting a strategic plan for the Company

The conventional delineation of responsibility between the Board and the Management would be the latter develops a strategic plan and the Board would then fine tune it and oversee its implementations by the Management. The Executive Chairman would brief the Board at the Board meeting on the strategic plans of the Company. The Board would review these strategic plans and discuss on the future plans of the Company. The Board is supplied with detailed meeting papers prior to each meeting to allow the Board time to read and prepare themselves for the meeting. In this way, matters would be discussed and decided in an efficient manner.

At the meeting, the Board is satisfied with the explanation given by the Executive Chairman and the same is minuted accordingly. The Board would review any outstanding matters under the matters arising from the minutes of the previous meeting until the matter is implemented or ceased. The Board would continue to review the strategic plan to ensure its implementation.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.2 Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions (Cont'd)

#### Overseeing the conduct of the Company's business

The Executive Chairman leads the Board, sets its agenda and ensures it is an effective working group at the head of the Company. He also takes a hands-on role in the Company's day-to-day management. He is supported by a management team in driving the Company's business. The Board plays an oversight role to oversee the performance of the management and that the business is properly managed. At each quarterly meetings, the Board is updated by the Management on the financial results. During these discussions, the Board participated actively and queried the Management on the performance of the Company.

The Remuneration Committee under its terms of reference would review the performance of the Executive Chairman on an annual basis. The assessment process is based on the remuneration framework for the Executive Directors.

#### Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board works with the Management to identify principal risks and the level of acceptable risks. The Group operates a risk management process that identifies the key risks facing the business. The business units have a risk register that identifies the likelihood and impact of those risks occurring and the actions being taken to manage those risks. The Group's risk management approach enables informed decision-making based on an assessment of the impact and likelihood of events, and seeks to balance risk and reward rather than eliminate risk entirely. The Board through the Audit Committee reviews the risk assessment and oversee the implementation of the appropriate internal controls and mitigating measures to resolve these risks.

Further details are set out in the Risk Management and Internal Control Statement in this Annual Report.

#### Succession planning

The Board recognises the benefits of succession planning for business continuity. With a good succession plan, it helps the Board to be better informed and aligns the development of the senior management team with the strategic needs of the Company. Beyond its usefulness in risk mitigation, succession planning contributes to the successful governance and management of the firm long before a successor is needed.

The Company has in place a succession plan for its senior management. This plan is subject to constant evaluation to ensure its effectiveness and relevance.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.2 Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions (Cont'd)

Overseeing the development and implementation of a shareholder communications policy for the Company

The Company's website contains a section "About Apex". The Company has identified a Senior Independent Director to whom the shareholders can communicate with on matters regarding the Company.

Reviewing the adequacy and the integrity of the management information and internal controls system of the Company

The Board regards the adequacy and integrity of the information and internal control systems of the Company as paramount.

Details of the Group's internal control system are set out in the Risk Management and Internal Control Statement in this Annual Report.

### 1.3 Formalise ethical standards through code of conduct and ensure its compliance

The Company has a Code of Conduct and the summary is published in the Company's website. The Board promotes good corporate culture at the work place by way of communications through e-mail and meetings.

The Code of Conduct is reviewed annually to ensure its effectiveness.

### 1.4 Ensure the Company's strategy promote sustainability

The Board recognises the importance of the Company's strategies in order to promote sustainability. The Company's business model is designed to deliver sustainable growth. To the Group, sustainability is integral to how the Group does its business. This effort would continue to be monitored by the Board as this requires commitment to manage the Group's business operations in a sustainable way.

The details of the sustainability efforts are set out in the Corporate Sustainability Statement in this Annual Report.

### 1.5 Procedures to allow Directors access to information and advice

The Board and the Board Committees are allowed to access to information and advice. The procedures are available to them to seek external advice as well in the performance of their duties. At each meeting, all Directors are provided with an agenda and a set of Board papers that are distributed one week before the meeting to enable adequate preparation on matters raised for discussion at the meeting. The Board papers are comprehensive and encompass all aspects of the matters considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made. If need be, the Board and Board Committees are also provided with additional information in order for them to discharge their duties effectively.



# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.6 Ensure Board is supported by suitably qualified and competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries. The Company Secretaries are present at the Board and Committee meetings to take minutes and also to provide their support on compliance and procedural matters. The Board is regularly updated on the latest regulatory updates. The Company Secretaries would lead the Board through the changes of the relevant requirements and suggest the necessary amendments or changes to be adopted. Every Board member has full access to the advice and services of the Company Secretaries who are responsible for ensuring that the established procedures and relevant statutes and regulations are complied with.

### 1.7 Formalise periodically review and make public the Board Charter

The Board Charter is currently published in the Company's website. The Board Charter sets out the Board structure, role and responsibilities, supply of information and the roles of the Chairman and Chief Executive.

The Board Charter is reviewed by the Board annually to ensure they remain consistent with the Board's objectives and responsibilities, and relevant laws, regulations, guidelines and standards of corporate governance.

## PRINCIPLE 2 – STRENGTHEN COMPOSITION

### 2.1 Establish a Nominating Committee comprising exclusively non-executive directors, with majority independent

The Board has established a Nominating Committee that comprises exclusively Non-Executive Directors with a majority of Independent Directors.

The Board has identified a Senior Independent Director who is the Chairman of the Nominating Committee to deal with any concerns from the shareholders.

### 2.2 Nominating Committee should develop, maintain and review criteria for recruitment process and annual assessment of directors

The Nominating Committee is responsible to review any proposed candidate based on the selection criteria and also discusses the selection criteria with the entire Board. The Nominating Committee designs a customised approach for evaluating each candidate. The Board reserves the right to approve the appointment of new directors.

On an annual basis, the Nominating Committee is required to evaluate the board effectiveness and the effectiveness of the Committees in discharging their functions and duties in accordance with their terms of reference. The Nominating Committee will conduct an annual review to ensure that the Board has the appropriate mix of expertise and experience. The Nominating Committee draws up induction sessions for newly appointed Directors to meet with the respective Heads of Departments and to understand the business of the Group better.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

### 2.2 Nominating Committee should develop, maintain and review criteria for recruitment process and annual assessment of directors (Cont'd)

The Nominating Committee would carry out its duties as delegated by the Board. However, if there is a requisition of nomination by the shareholders, the Nominating Committee would also perform the same review process if the same is allowed.

The Board currently consists of 5 members of which none is a female Director. The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Company.

The attendance of the Board Committee members for the financial year ended 31 December 2015:-

Directors	Audit Committee	Nominating Committee	Remuneration Committee
Y.Bhg. Dato' Azizan bin Abd Rahman	4/4	1/1	1/1
Leow Yan Seong @ Liew Pin	4/4	1/1	1/1
Lee Cheow Fui	4/4	1/1	1/1
Chan Guan Seng	N/A	N/A	1/1
Y.Bhg. Dato' Vijaya Kumar A/L T. Chornalingam	N/A	1/1	1/1

### 2.3 Board should establish formal and transparent remuneration policies and procedures to attract and retain directors

The Board has established a Remuneration Committee that comprises a majority of non-executive Directors.

The Remuneration Committee is responsible for reviewing the remuneration of Directors and senior management to ensure that they are at sufficiently competitive levels and recommending to the Board the remuneration of the Directors and senior management. The Company has adopted the objectives as recommended by the MCCG 2012 to determine the remuneration of the Directors so as to ensure that the Company attracts and retains Directors of the quality needed to manage the business of the Group respectively.

The Board recommends the Directors' fees payable to the Directors on a yearly basis to the shareholders for approval at the annual general meeting in line with the provision of its Articles of Association.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

### 2.3 Board should establish formal and transparent remuneration policies and procedures to attract and retain directors (Cont'd)

Aggregate remuneration of Directors is categorised as follows:

	Fees (RM)	Salaries & Others Emoluments	Total (RM)
Executive Directors	595,000	474,600	1,069,600
Non-Executive Directors	200,000	7,500	207,500

The number of Directors whose remuneration falls within the following bands is as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	-
50,001 - 100,000	-	4
100,001 - 150,000	-	-
150,001 - 200,000	-	-
200,001 - 250,000	-	-
250,001 - 300,000	-	-
300,001 - 1,000,000	-	-
1,000,001 - 1,200,000	1	-

The MCCG 2012 recommends detailed disclosure to be made for each Director's remuneration. The Board has chosen to disclose the remuneration in bands pursuant to the Listing Requirements, as separate and detailed disclosure of individual directors' remuneration will not add significantly to the understanding and evaluation of the Company's governance.

## PRINCIPLE 3 – REINFORCE INDEPENDENCE

### 3.1 Board should undertake an assessment of its independent directors annually

On an annual basis, the Board carries out an assessment of the independence of its independent directors. When assessing independence, the Board focuses on the independent director's background, family relationships and considers whether the independent director can continue to bring independent and objective judgment to board deliberations.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 3 – REINFORCE INDEPENDENCE (CONT'D)

### 3.2 Tenure of independent director should not exceed cumulative term of 9 years. Upon completion of tenure, independent director can continue serving but as non-executive director

The Board currently has one Director who has served exceeding the tenure of 9 years. Y.Bhg. Dato' Azizan bin Abd Rahman has in cumulative more than 9 years of service.

The Nominating Committee has assessed the independence of Y.Bhg. Dato' Azizan bin Abd Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue act as an independent Non-Executive Director of the Company based on the following justifications:-

- a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
- b) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
- c) He has been with the Company for more than 9 years and is familiar with the Company's business operations and the property development market; and
- d) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

### 3.3 To justify and seek shareholders' approval in retaining independent directors (serving more than 9 years)

The Board is seeking shareholders' approval to retain Y.Bhg. Dato' Azizan bin Abd Rahman as an Independent Non- Executive Director of the Company.

### 3.4 Positions of Chairman and Chief Executive Officer to be held by different individuals

The Company only has an Executive Chairman who is also the only Executive Director on Board. Furthermore, there are sufficient Independent Directors on the Board who are individuals of calibre, credibility and are free from any business or other relationship which could materially interfere with the exercise of their independent judgment. These Independent Directors are capable of exercising independent judgment to ensure fair and objective deliberations at Board meetings.

### 3.5 Board must comprise a majority of independent directors if Chairman is not an independent director

The Board has an Executive Chairman and understands that where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. As the size of the Board is small, the Board is satisfied that the composition of the Board meets with the minimum requirements of the Main Market Listing Requirements and that there is a balance of power at Board level.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 3 – REINFORCE INDEPENDENCE (CONT'D)

### 3.5 Board must comprise a majority of independent directors if Chairman is not an independent director (Cont'd)

All matters brought before the Board are fully, adequately and objectively discussed taking into account the interest of various stakeholders including minority shareholders. No individual or group of individuals dominate the Board's decision making. The Chairman is supported by the Operations who is responsible for the execution of the Board's decision and day to day operations of the Group.

At all meetings, the Board is ensured of a balanced and independent view at all times. Apart from the Chairman who is a substantial shareholder of the Company, the Board has Independent Non-Executive Directors who are independent from Management and major shareholders of the Company.

## PRINCIPLE 4 – FOSTER COMMITMENT

### 4.1 Board should set expectations on time commitment for its members and protocols for accepting new directorships

The Company Secretaries would draw up the whole year meeting dates for the Board so that each member of the Board is able to plan his schedule accordingly. This will ensure that the meeting dates receive mutual consent from every Board member and provides them advance notice.

Every Board member is aware that he is required to notify the Chairman of the Company first prior to accepting the new directorships and also to confirm his commitment that the new directorships would not impair his time commitment with the Company.

There were four (4) Board of Directors' meetings held during the financial year ended 31 December 2015. The attendance record of the Board for the financial year ended 31 December 2015 is set out below:-

Directors	Designations	Attendance	%
Chan Guan Seng	Executive Chairman	4/4	100%
Y.Bhg. Dato' Azizan bin Abd Rahman	Independent Non-Executive Director	4/4	100%
Leow Yan Seong @ Liew Pin	Independent Non-Executive Director	4/4	100%
Y.Bhg Dato' Vijaya Kumar A/L T. Chornalingam	Senior Independent Non-Executive Director	3/4	75%
Lee Cheow Fui	Independent Non-Executive Director	4/4	100%

Based on the above, all the Directors of the Company have attended at least 50% or more of the attendance required by the Main Market Listing Requirements.



# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

### 4.2 Board should ensure members have access to appropriate continuing education programme

The conferences, seminars and training programmes attended by the Directors in year 2015 included the following:

- Capital Market Directors Programme
  - Directors as gatekeepers of market participants (Module 1)
  - Business Challenges & Regulatory Expectations (Module 2A)
  - Risk Oversight and Compliance (Module 3)
  - Current & Emerging Regulatory Issues in the Capital Market (Module 4)
- Asean Capital Market CEO Summit 2015
- Corporate Compliance : Focusing on Directors' Duties, Liabilities and Expectations
- Khazanah Megatrends Forum 2015 - Harnessing Creative Disruption
- Sustainability Symposium
- Corporate Governance on Advocacy Programme - The Interplay between CG, NFI and Investment Decision

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Audit Committee should ensure financial statements comply with applicable financial reporting standards

The Audit Committee supports the Board in providing a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, primarily through the annual reports, quarterly announcements of the Group's results and other price-sensitive public reports.

The Audit Committee would meet with the External Auditors annually to go through the Audit Planning Memorandum prior to the commencement of the audit. In addition, the Audit Committee would also meet with the External Auditors to discuss with the External Auditors on their report to the Audit Committee following the completion of their audit. The External Auditors would share with the Audit Committee on any significant issues on the financial statements and regulatory updates. The Audit Committee would obtain the confirmation of the External Auditors with regard to the Company's compliance with the applicable financial reporting standards.

# CORPORATE GOVERNANCE STATEMENT

(CONT'D)

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

### 5.2 Audit Committee should have policies and procedures to assess suitability and independence of external auditors

The Audit Committee has in place an assessment of the External Auditors and would assess them on an annual basis and report to the Board its recommendation for the reappointment of the External Auditors at the annual general meeting.

In addition, the Audit Committee has in place a policy with regard to the provision of non-audit services by the External Auditors. During the financial year ended 31 December 2015, the fee incurred for non-audit services rendered by the External Auditors was amounted to RM3,000.00.

The External Auditors had provided a written assurance to the Audit Committee that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

### 6.1 Board should establish a sound framework to manage risks

The Board has put in place a Risk Review Committee (RRC), which includes Key Management and representatives from Credit Risk Management Department to evaluate, monitor and manage the risks that may impede the achievements of its business objectives.

The RRC has been tasked to identify and communicate the existing and potential critical risk areas and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee.

Minutes of RRC meetings were tabled for confirmation at the following RRC meeting, and subsequently presented to the Audit Committee for notation.

The Board will continue to pursue its objective of identifying and managing risks associated with the operations of the Group and take the necessary measures to strengthen its internal control system so as to facilitate the achievement of the Group's business objectives.

The Audit Committee works with the Internal Auditors to ensure that the Internal Audit Annual Plan encompasses the audit of the essential services and the follow up on the audits. The Internal Auditors are also required to perform periodic testing of the internal control systems to ensure that the system is robust.

Further details are set out in the Risk Management and Internal Control Statement in this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

### PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS (CONT'D)

#### 6.2 Board should establish an internal audit function which reports directly to Audit Committee

The Group has its own internal audit function. Its responsibilities include providing independent and objective reports on the state of internal controls of the significant operating units in the Group to the Audit Committee, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

During the financial year, the internal auditors carried out review of selected key processes of the Company and certain significant subsidiaries, covering high-level internal control framework, financial management, risk management, procurement and inventory management.

Further details are set out in the Risk Management and Internal Control Statement in this Annual Report.

### PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Ensure Company has appropriate disclosure policies and procedures

The Board has set an Internal Corporate Disclosure Guide in compliance with the disclosure requirements as set out in the Main Market Listing Requirements.

The Board delegated the authority to the Executive Chairman of the Company to ensure that the Internal Corporate Disclosure Guide is being adhered to by senior management and Company Secretaries in respect to disclosure obligations.

#### 7.2 Encourage Company to leverage on information technology for effective dissemination of information

The Company's website has a section dedicated to shareholders under "About Apex" where the shareholders or public can check on the latest announcements of the Company.

### PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### 8.1 Take reasonable steps to encourage shareholder participation at general meetings

The Board encourages the attendance of shareholders at the Company's Annual General Meeting. The notice period of the Annual General Meeting is given to the shareholders slightly longer than the minimum of 21 clear days. With the additional time, the shareholders are given ample time to review the annual report, to appoint proxies and to collate questions to be asked at the Annual General Meeting.

# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

### PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

#### 8.1 Take reasonable steps to encourage shareholder participation at general meetings (Cont'd)

The Board acknowledges that general meetings is a principal forum for interaction between the Company and its shareholders. The Company holds its general meetings at its premises which is convenient for the shareholders and at an appropriate time for the shareholders to encourage them to attend and participate in the meetings either in person, by corporate representative, by proxy or by attorney. During the meeting, the shareholders are encouraged to enquire about the Group's activities and prospects.

The last Annual General Meeting (AGM) of the Company was held on 19 May 2015. The shareholders received the Notice of AGM, Annual Report and the related circular within the timeframe set. The Notice of the AGM was also advertised in a national English newspaper within the prescribed deadline.

During the AGM, the Chairman, when presenting the agenda items for voting, also gave a brief description of the items to be voted and shareholders were invited to ask questions before voting commenced.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link at the conclusion of the AGM.

Minutes were kept to record the proceedings of the AGM and shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

#### 8.2 Board should encourage poll voting

At the commencement of the annual general meeting after the calling of the meeting to order, the Chairman would remind the shareholders, proxies and corporate representatives on their rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company for any resolutions. The Chairman is also aware that he could demand for a poll for substantive resolution to be tabled at the shareholders' meetings.

The Company's share registrar is well equipped to facilitate the conduct a poll should the need arises.

#### 8.3 Board should promote effective communication and proactive engagements with shareholders

Shareholders' meetings are important events for the Board to meet the shareholders. The Chairman would allot sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at the general meetings. The senior management and External Auditors are present at the shareholders' meetings to answer any query that the shareholders, proxies and corporate representatives may ask.

# CORPORATE SUSTAINABILITY STATEMENT

The term of sustainability means the way we meet the needs of today without compromising the ability of future generations to meet their own needs.

This statement is aimed at balancing economic, environmental and social issues as they relate to the activities of the Company and our continued efforts to achieve them.

This statement applies throughout the Company and governs our approach to all our sustainability activities. The subsidiaries' sustainability efforts will as much as possible be aligned to the Company's sustainability strategies.

## **Our Commitment**

We value the way how our business has been conducted over the decades. We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society through innovation and excellence.

## **Our Workplace**

Our people is our assets. The health of our Company is derived from the wellbeing of our people. We are committed to provide our people with a safe and healthy workplace. We provide our people with training and development and also opportunities for them to grow with us.

## **Our Marketplace**

Our success through the years was built over the years with our consistent effort to provide better services to our clients. We value integrity, honesty and ethical dealings as our work culture. We expect our people to conduct themselves in with high standards of care in their business dealings.

## **Our Shareholders**

We engage our shareholders and investors through the media, Annual General Meeting/Extraordinary General Meeting, meetings with analysts / investors, corporate briefings and road shows. We practice active communications with the investors and public through various communication channels such as events, news alert and through our corporate website.

## **Our Community**

We support any community work as we believed in giving back to the communities in which it operates, and the community programmes will support an array of causes. We also believe that by fostering a caring culture amongst our people, we give back to the community where we live and earn our living.



# CORPORATE SOCIAL RESPONSIBILITY

The Apex Group is constantly and consciously addressing its Corporate Social Responsibility (CSR), deemed as a natural extension of the spirit of corporate governance. We pursue our CSR activities in line with the three (3) cornerstones of our CSR principles namely;

- Responsibility, Transparency and Accountability;
- Care and Unity; and
- Value Creation and Enhancement for All.

A holistic approach is adopted by instilling the importance of CSR across the Group and within which the Group operates – the workplace, the market place and the community.



*Long-service awards ceremony*



*Training Development for Staff*

## AT THE WORKPLACE

The Group recognizes that employees are vital contributors to the success of the company. To this end, employees are continuously encouraged and motivated through various company activities. To achieve this, the Group provides a clear career path to all employees; endeavors to enhance their skills and competencies through various training & development programs, seminars and workshops; and strives to create and provide a conducive workplace for all employees.

Long-service awards were given to the staffs and remisiers who have served the company continuously for 5, 10 and 20 years respectively as a recognition of their commitment and dedication to the Company.

## AT THE MARKETPLACE

The Apex group also values the importance of CSR to enhance the Group's interaction with its external stakeholders – be them our customers, fund managers, financial institutions, peers, suppliers, authorities, the public and our shareholders. We adopt an active role in engaging these stakeholders through various channels and manners. With our customers and suppliers, we have in place standard approach, procedures and controls in our procurement and outsourcing

## CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

### Help Nepal - Earthquake Relief – May 2015

As a good corporate citizen, Apex initiated a fund raising for the earthquake victims in Nepal. In the recent earthquake many people are feared dead, left homeless with no fresh drinking water, no power supply, no food, life aftermath seems impossible.

A total sum of RM11,000.00 was collected and it was handed personally over to UNICEF. This fund raising was made possible through funds collected from the overwhelming support and generosity of all employees and remisiers of Apex group.



In addition, the Group endorses CSR at the workplace by encouraging staffs to lead a healthy and positive lifestyle through its Sports Club. Apex Sports Club cultivates teamwork as well as sense of belonging among employees. A spacious gymnasium room with state-of-the-art equipments is made available at the work place for the use of our employees and remisiers.

The Sports Club organized various activities for staff and remisiers at the group level, we had successfully organized badminton and bowling tournament participated by the staff and remisiers of the group.



*Bowling and Badminton Tournament among our employees and remisiers held on June and October 2015*

# CORPORATE SOCIAL RESPONSIBILITY

(CONT'D)

## BLOOD DONATION DRIVE - THE GIFT OF LIFE

Blood donation is yet another act of selflessness favored by those who wish to do something different, they may not have the resources to make monetary contributions or may not have the time or skill to engage in other voluntary programmes. It has been a "tradition" of the JF Apex Sports Club to organise such event yearly. Blood Donation Drive was held in collaboration with Pusat Darah Negara on November 2015 at Jusco AEON Cheras Selatan Balakong. We receive good response from the public wherein many volunteers donated their blood on that eventful day.



## CARE FOR THE COMMUNITY

The Apex Group takes great pride in being part of the vibrant local community, especially in Kajang where our headquarters is stationed as well as beyond the state boundaries.

### Reaching Out & Giving Back to the Communities

The Apex Group continued to give back to society through various CSR initiatives such as contributing by way of donation and visitation to various Charitable Societies and Institutions. Apex Group has presented a donation of RM20,000.00 to Yayasan Latihan Insan Istimewa Ipoh, Perak, a private funded shelter for the disabled children and adults.

JF Apex group also donated RM20,000.00 to St. John Ambulans Malaysia in 2015.



Yayasan Latihan Insan Istimewa Ipoh, Perak

St. John Ambulans Malaysia

# AUDIT COMMITTEE REPORT

## COMPOSITION

The Audit Committee comprises 3 members, all of whom are Independent Non-Executive Directors and this is in line with the requirements of the listing requirements of the Main Market of Bursa Malaysia Securities Berhad.

1. Leow Yan Seong @ Liew Pin (Independent Non-Executive Director) - Chairman
2. Y.Bhg. Dato' Azizan bin Abd Rahman (Independent Non-Executive Director) - Member
3. Lee Cheow Fui (Independent Non-Executive Director) - Member

## SUMMARY OF THE TERMS OF REFERENCE :

### Functions of the Committee

The Committee, amongst others, shall discharge the following functions:-

- (1) review the following and report the same to the Directors of the listed issuer:
  - (a) with the external auditors, the audit plan;
  - (b) with the external auditors, his evaluation of the system of internal controls;
  - (c) with the external auditors, his audit report;
  - (d) the assistance given by the employees of the listed issuer to the external auditor;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, before the approval by the Board, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the listed issuer; and
  - (j) whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

# AUDIT COMMITTEE REPORT

(CONT'D)

## Attendance of other directors and employees

The Audit Committee meetings are attended by the other Directors and employees at the invitation of the Audit Committee.

## Procedure of the meetings of the Committee

The Committee shall meet at least four times a year at appropriate times in the reporting cycle and otherwise as required.

The notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee by e-mail at the email address provided by each member of the Committee, and also any other Directors or persons required to attend, no later than 3 working days before the date of the meeting. Supporting papers shall be emailed to Committee members and to other attendees as appropriate, at the same time when available.

## ACTIVITIES DURING THE YEAR

During the financial year, the Audit Committee:

1. Reviewed the external auditors' Audit Memorandum Plan, which comprised of their scope of work and audit plan for the Group;
2. Reviewed with the external auditors the results of the audit, audit report and recommendations;
3. Reviewed the unaudited quarterly results prior to the approval of the Board of Directors;
4. Reviewed the annual audited financial statements, Directors' Reports and other significant accounting issues arising from the audit of the financial year ended 31 December 2015 prior to the approval of the Board of Directors;
5. Reviewed and approved the respective audit plans of internal auditors and compliance officers;
6. Discussed and reviewed updates of new developments issued by the Malaysia Accounting Standards Board;
7. Conducted two (2) private meetings with the External Auditors without the presence of the Executive Directors and management; and
8. Reviewed any related party transactions that may arise within the Group or Company.



# AUDIT COMMITTEE REPORT

(CONT'D)

## DETAILS OF ATTENDANCE:

The Audit Committee held four (4) meetings during the year ended 31 December 2015. Details of the Audit Committee members' attendance are given below:

Membership	No. of Meetings Attended
Y.Bhg.Dato' Azizan bin Abd Rahman	4/4
Leow Yan Seong @ Liew Pin	4/4
Lee Cheow Fui	4/4

## SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTION

All Internal Audit activities were conducted by the in-house audit team. The total costs incurred by the Group Internal Audit for the internal audit function of the Group in 2015 amounted to RM203,532.61.

The main role of the internal audit is to provide an independent and objective review on the organisation's management, records, policies and controls and to report them to Audit Committee on quarterly basis. The internal audits include evaluation of the processes by which significant risks are identified, assessed and managed and ensure that instituted controls are appropriate and effectively applied.

During the financial year, the Internal Audit conducted various internal audit engagements in accordance with the Internal Audit Plans approved by the Audit Committee.

The Audit Committee reviewed the results of the audits from the internal audit reports tabled at the quarterly meetings including the recommendations, management's response and follow up audits on the recommendations.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ('the Board') of Apex Equity Holdings Berhad ("Apex" or "the Company") is pleased to present the Statement On Risk Management And Internal Control. This statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the "Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers".

## BOARD RESPONSIBILITY

The Board acknowledges their responsibilities for the adequacy and integrity of the Group's system of internal controls. The Board is fully aware that the system of internal control cannot totally eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process of managing significant risks faced by the Group and reviewing the system of internal control for the year under review.

## RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Company's business activities involve some degree of risks and key management staff and Heads of Department are responsible for managing identified risks within defined parameters and standards.

The Board has put in place a Risk Review Committee ("RRC"), which includes Key Managements and representatives from Credit Risk Management Department to evaluate, monitor and manage the risks that may impede the achievements of its business objectives.

The RRC has been tasked to identify and communicate the existing and potential critical risk areas and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee.

Minutes of RRC meetings were tabled for confirmation at the following RRC meeting, and subsequently presented to the Audit Committee for notation.

The Company has implemented an Enterprise Risk Management (ERM) framework as required under the Malaysian Code of Corporate Governance 2012 ("MCCG") for identifying, evaluating, managing and reporting the significant risks found by the Group.

The Board will continue to pursue its objective of identifying and managing risks associated with the operations of the Group and take the necessary measures to strengthen its internal control system so as to facilitate the achievement of the Group's business objectives.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## INTERNAL AUDIT FUNCTION

The Internal Audit department continues to independently, objectively and regularly review key processes, check compliance with policies/procedure, evaluate the adequacy and effectiveness of internal control, risk management and governance processes established by management and/or the Board within the Group. It highlights significant findings and corrective measures in respect of any non-compliance to Management and the Audit Committee on a timely basis. The annual audit plan is reviewed and approved by the Audit Committee annually and an update is given to the Audit Committee every quarter. Further activities of the Internal Audit Function are set out in the Audit Committee Report on page 32.

## KEY ELEMENTS OF INTERNAL CONTROL

The key elements of internal control are described below:

Board Committees have been set up to assist the Board to perform its oversight function, namely the Audit Committee, Nominating Committee and Remuneration Committee.

- Formal organisation structure that clearly defines the framework for the line of reporting and hierarchy of authority.
- Group Policies and Procedures Manual on key activities that lay down the objective, scope, policies and operating procedures for the Group.
- Clearly documented standard operating policies and procedures which are subject to regular review and improvement.
- Regular internal audit visits to departments within the Company and subsidiaries to ensure compliance with Group Policies and Procedures and to review effectiveness of internal control systems.
- Clearly defined authorisation limits at appropriate levels are set out in a financial authority matrix for controlling and approving capital expenditure and expenses. The matters that require the Board's approvals are clearly spelled out.
- Respective subsidiaries held monthly Management/Operations meetings to review the operations, compliance and internal audit report, financial performance, business overview, direction and current developments.
- Quarterly meetings for Audit Committee and the Board are held to discuss on internal audit reports, periodic financial statements and issues that warrant Audit Committee and Board's attention.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## CONCLUSION

The Board confirms that the system of risk management & internal control with the key elements listed above are in place during the financial year and that there is a continuous process for identifying, evaluating and managing significant risks to assess and enhance the effectiveness of the risk management & internal control system. The Board is of the view that the risk management & internal control system in place for the year under review and up to the date of issuance of the Annual Report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Executive Chairman and Head of Finance, that the Group's system of Risk Management and Internal Control is operating adequately and effectively in all material aspects.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors are required to: -

- adopted and consistently applied appropriate accounting policies;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.



# GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December 2015

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
<b>RESULTS - PROFIT AND LOSS</b>					
Revenue	51,369	47,376	63,998	72,203	<b>45,917</b>
Profit/(loss) before tax	23,504	29,780	31,165	34,733	<b>22,127</b>
Profit/(loss) attributable to shareholders of the company	18,356	26,087	25,427	28,836	<b>18,418</b>
<b>BALANCE SHEET</b>					
Total assets	355,161	317,223	341,680	326,809	<b>345,875</b>
Total liabilities	66,695	50,451	56,529	35,065	<b>60,281</b>
<b>Current assets</b>	216,633	225,834	252,578	246,011	<b>263,701</b>
Due from clients/brokers	154,275	166,983	183,230	123,429	<b>123,282</b>
<b>Current liabilities</b>	64,023	50,245	56,173	34,885	<b>60,012</b>
Due to clients/brokers	58,794	32,046	33,783	18,198	<b>43,814</b>
Total borrowings	11,595	7,922	10,557	5,063	<b>4,979</b>
Net current assets	152,610	175,589	196,405	211,126	<b>203,689</b>
Net tangible assets	288,466	266,772	285,151	291,744	<b>285,594</b>
Shareholders' equity	288,466	266,772	285,151	291,744	<b>285,594</b>
Share capital	213,563	213,563	213,563	213,563	<b>213,563</b>
<b>PER SHARE</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Profit/(loss) before tax	11.49	14.70	15.38	17.14	<b>10.92</b>
Profit/(loss) attributable to shareholders of the company	8.97	12.87	12.55	14.23	<b>9.09</b>
Net tangible assets	141.00	131.64	140.71	143.97	<b>140.93</b>
Net dividend - cash	3.00	20.00	3.75	8.00	<b>12.00</b>
- share dividend	0.00	0.00	0.00	0.00	<b>0.00</b>

# GROUP FINANCIAL HIGHLIGHTS (CONT'D)

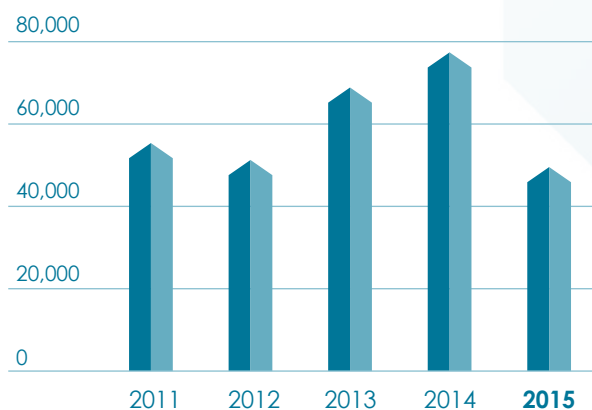
For the year ended 31 December 2015

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
<b>FINANCIAL RATIOS</b>					
<b>Return on investment</b>					
<b>Return on shareholders' capital</b>					
Profit/(loss) before tax	11.01%	13.94%	14.59%	16.26%	<b>10.36%</b>
Profit/(loss) attributable to shareholders of the company	8.60%	12.22%	11.91%	13.50%	<b>8.62%</b>
<b>Return on shareholders' equity</b>					
Profit/(loss) before tax	8.15%	11.16%	10.93%	11.91%	<b>7.75%</b>
Profit/(loss) attributable to shareholders of the company	6.36%	9.78%	8.92%	9.88%	<b>6.45%</b>
<b>Return on shareholders' equity and total borrowings</b>					
Profit/(loss) before tax	7.83%	10.84%	10.54%	11.70%	<b>7.61%</b>
Profit/(loss) attributable to shareholders of the company	6.12%	9.50%	8.60%	9.72%	<b>6.34%</b>
<b>Margins</b>					
Profit before tax/Revenue	45.76%	62.86%	48.70%	48.10%	<b>48.19%</b>
Profit attributable to shareholders of the company/ Revenue	35.73%	55.06%	39.73%	39.94%	<b>40.11%</b>
<b>Current ratio (times)</b>					
	3.38	4.49	4.50	7.05	<b>4.39</b>
<b>Gearing</b>					
Total borrowings/shareholders' equity	4.02%	2.97%	3.70%	1.74%	<b>1.74%</b>
<b>STOCK MARKET INFORMATION</b>					
Share price - High (RM)	0.88	1.45	1.32	1.66	<b>1.97</b>
Low (RM)	0.74	0.77	1.09	1.14	<b>1.37</b>
<b>Last transacted price as at 31 December (RM)</b>					
	0.84	1.10	1.17	1.45	<b>1.90</b>
<b>Market capitalisation as at 31 December (RM'000)</b>					
	179,393	234,919	249,869	309,666	<b>405,770</b>
<b>Net price earnings ratio (times)</b>					
	9.36	8.55	9.32	10.19	<b>20.90</b>

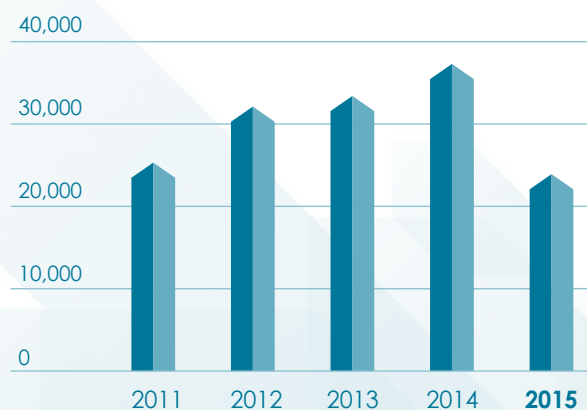
# GROUP FINANCIAL HIGHLIGHTS (CONT'D)

For the year ended 31 December 2015

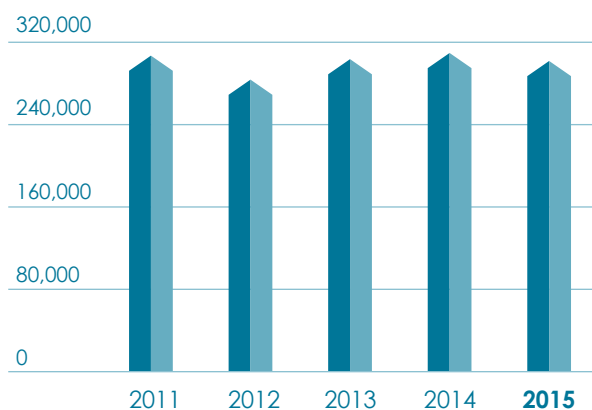
## REVENUE (RM'000)



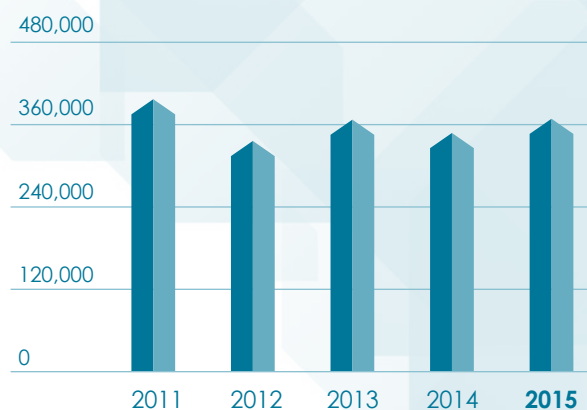
## PROFIT/(LOSS) BEFORE TAX (RM'000)



## SHAREHOLDERS'S EQUITY (RM'000)



## TOTAL ASSETS (RM'000)



# MANAGEMENT DISCUSSION & ANALYSIS



## Prospect

On the face of slower growth for Malaysia's Gross Domestic Product, lower commodity prices and adverse market sentiments, it is anticipated that financial year ahead would be challenging for JFAS.

## MONOPOLY ENTERPRISES SDN BHD ("MONOPOLY")

### Overview

Monopoly is a wholly owned subsidiary of Apex Equity Holdings Berhad. Incorporated in 1983, Monopoly is principally engaged in the business of property holding. Monopoly's main income is contributed by Menara Apex, a 10 storey office building located at Kajang.

Monopoly's revenue increased to RM2.39 million for the financial year ended 31 December 2015 from RM2.27 million in the previous financial year. The increase in revenue was mainly attributed to the higher rental income. Monopoly however, registered a lower profit before tax of RM1.07 million in financial year ended 31 December 2015 as compared to RM1.79 million in the previous financial year due to recognition of RM1.10 million of deposit forfeited from a buyer in the previous financial year.

## JF APEX SECURITIES BERHAD ("JFAS")

### Overview

JFAS is a wholly owned subsidiary of Apex Equity Holdings Berhad. Incorporated in 1979, JFAS is principally engaged in business as stocks and shares brokers, futures brokers, investment advisors and dealers in securities. JFAS' head office is located at Kajang and it has 1 Branch in Petaling Jaya. JFAS also operates several Dealing Branches/Kiosks across Malaysia.

JFAS' revenue decreased to RM40.00 million for the financial year ended 31 December 2015 from RM52.93 million in the previous financial year. The decrease in revenue was mainly attributed to the lower securities transactions and decrease in interest income on margin financing. Consequently, JFAS' profit before tax decreased to RM11.19 million for the financial year ended 31 December 2015 as compared to RM19.55 million in the previous financial year.

# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## Prospect

As JFAS occupying most of Menara Apex belongs to Monopoly, it is anticipated that Monopoly's financial performance would be stable for the financial year ahead.

## AEH CAPITAL SDN BHD ("AEHC")

### Overview

AEHC is a wholly owned subsidiary of Apex Equity Holdings Berhad ("AHEB"). Incorporated in 1993, AEHC is principally engaged in the businesses of money lending and property development.

AEHC's revenue decreased to RM3.71 million for the financial year ended 31 December 2015 from RM11.96 million in the previous financial year. The decrease in revenue was mainly attributed to lower property development and money lending incomes. AEHC, however, registered a higher profit before tax of RM8.73 million in the financial year ended 31 December 2015 as compared to RM2.70 million in the previous financial year due to recognition of RM7.08 million of reversal for impairment loss on loan receivables and interest-in-suspense.

## Prospect

In view of lack of new property development projects and money lending activities, it is anticipated that AEHC would register a lower revenue and profit before tax for the financial year ahead.





# ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements, the following additional information is provided:

## **a) Share buyback**

During the financial year, the Company acquired a total of 2,000 of its issued shares from the open market at purchase consideration of RM3,419.87. The average price of the traded shares of RM1.45 the high being RM1.88 and low being RM1.45. The funding of the share buy-back transaction is from internally generated funds. The purchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Further details of the share buyback are disclosed in the Circular to Shareholders dated 28 April 2016.

## **b) Option, warrants or convertible securities**

The Company did not issue any options convertible securities or warrants.

## **c) Depository Receipt Programme**

During the year under review, the Company did not sponsor any depository receipt programme.

## **d) Imposition of sanctions/penalties**

JF Apex Securities Berhad ("JFAS"), a subsidiary of the Company, was sanctioned by Bursa Malaysia Securities Berhad ("Bursa Securities") a fine of RM5,000 on 25th March 2015 for non compliance of Rule 11.02(3)(a) of the Rules of Bursa Securities (Rule 1001.6 under the Pre-Revamped Rules of Bursa Securities). JFAS has made the payment of RM5,000 on 26th March 2015.

## **e) Non-audit fees**

There was RM3,000.00 non-audit fees made for financial year ended 2015.

## **f) Profit guarantee**

There was no profit guarantee given in respect of the Company.

## **g) Material contracts or loans**

There were no material contracts or loans between the Company and its subsidiary that involve Directors' or major shareholders' interest.

## **h) Revaluation policy on landed properties**

The Company did not have a revaluation policy on landed properties.

## **i) Utilisation of proceeds**

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2015.

## **j) Variation in results:**

There is no significant variance in the Company audited results for the financial year ended 31 December 2015 from the unaudited results as previously announced.



# FINANCIAL STATEMENTS

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# 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 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and trading in marketable securities whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation attributable to owners of the Company	18,418	15,350

## DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:-

(a) In respect of the financial year ended 31 December 2014:-

- (i) As stated in the report of the previous financial year, on 25 February 2015, the Company paid an interim single tier dividend of 7 sen per ordinary share, amounting to RM14,185,304 on 25 March 2015.
- (ii) The Company paid a final single tier dividend of 5 sen per ordinary share, amounting to RM10,132,310 on 30 June 2015.

(b) In respect of the financial year ended 31 December 2015:-

At the forthcoming Annual General Meeting, a final single tier dividend of 5 sen per ordinary share amounting to RM10,132,260 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the above dividend. Upon shareholders' approval, the proposed final single tier dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

# DIRECTORS' REPORT

(CONT'D)

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## REPURCHASE OF SHARES

At the annual general meeting of the Company held on 21 June 2005, the shareholders approved the share buy-back of up to 10% of the issued and paid-up share capital of the Company. The authority from the shareholders has been renewed at each of the subsequent annual general meetings of the Company and was last renewed on 6 June 2015. This authority will expire at the conclusion of the forthcoming annual general meeting of the Company.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

At 31 December 2015, treasury shares held by the Company were as follows:-

Year of buy-back	No. of ordinary shares	Average price per share RM	Total cost RM
2005	2,398,000	0.45	1,070,217
2006	1,601,000	0.48	773,646
2007	205,000	0.88	180,511
2008	1,498,500	0.58	874,247
2009	1,956,500	0.56	1,094,413
2010	2,974,800	0.62	1,851,929
2011	2,532,000	0.81	2,042,982
2012	1,932,600	0.81	1,567,609
2013	3,000	1.21	3,617
2014	2,000	1.56	3,115
2015	2,000	1.71	3,420
	<u>15,105,400</u>		<u>9,465,706</u>
Year of distribution by way of dividend			
2007	(4,187,282)		(2,014,878)
	<u>10,918,118</u>		<u>7,450,828</u>

# DIRECTORS' REPORT

(CONT'D)

## 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.

## DIRECTORS

The directors who served since the date of the last report are as follows:-

Chan Guan Seng  
Y Bhg Dato' Azizan Bin Abd Rahman  
Leow Yan Seong @ Liew Pin  
Dato' Vijaya Kumar A/L T. Chornalingam  
Lee Cheow Fui

In accordance with the Company's Articles of Association, Dato' Vijaya Kumar A/L T. Chornalingam and Mr. Lee Cheow Fui retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM1 Each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Direct Interests In The Company				
Chan Guan Seng	17,817,831	-	-	17,817,831
Y Bhg Dato' Azizan Bin Abd Rahman	7,217,358	1,039,616	-	8,256,974
Leow Yan Seong @ Liew Pin	2,040	-	-	2,040
Indirect Interests In The Company				
Chan Guan Seng	19,735,276	3,500,000	-	23,235,276
Y Bhg Dato' Azizan Bin Abd Rahman	1,039,616	-	(1,039,616)	-

By virtue of his shareholdings in the Company, Chan Guan Seng is deemed to have an interest in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year had no interests in the shares in the Company or its related corporations during the financial year.



# DIRECTORS' REPORT

(CONT'D)

## 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 emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a legal firm in which a director has substantial financial interests as disclosed in Note 34 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.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain the action 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; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent, or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# DIRECTORS' REPORT

(CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiaries which has arisen since the end of the financial year which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Company or its subsidiaries which has arisen since the end of the financial year.
- (d) The contingent liabilities are disclosed in Note 36 to the financial statements. No contingent or other liability of the Company or its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.
- (e) 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 respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) 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 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.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 8 April 2016.

Chan Guan Seng

Y Bhg. Dato' Azizan Bin Abd Rahman

# STATEMENT BY DIRECTORS

For the financial year ended 31 December 2015

We, Chan Guan Seng and Y Bhg Dato' Azizan Bin Abd Rahman, being two of the directors of Apex Equity Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out on page 130, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 8 April 2016.

**Chan Guan Seng**

**Y Bhg. Dato' Azizan Bin Abd Rahman**

## STATUTORY DECLARATION

I, Chan Guan Seng, I/C No. 530817-08-6047, being the director primarily responsible for the financial management of Apex Equity Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Chan Guan Seng, I/C No. 530817-08-6047,  
at Bangi in the State of Selangor  
on this 8 April 2016

Before me

**Raja Habibah bt Raja Saidin**

No. B424

Commissioner for Oaths

**Chan Guan Seng**

# INDEPENDENT AUDITORS' REPORT

## To the Members of Apex Equity Holdings Berhad

(Incorporated in Malaysia) Company No : 208232 - A

### Report on the Financial Statements

We have audited the financial statements of Apex Equity Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 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 a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 129.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and 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 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT

## To the Members of Apex Equity Holdings Berhad (CONT'D)

(Incorporated in Malaysia) Company No : 208232 - A

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out on page 130 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 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

8 April 2016

Kuala Lumpur

#### Chong Tuck Wai

Approval No: 3023/03/17 (J)  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	196,211	189,691
Investment in an associate	6	6,988	7,173	-	-
Property, plant and equipment	7	15,625	15,901	-	-
Investment properties	8	27,131	22,802	-	-
Land held for development	9	30,676	30,637	-	-
Available-for-sale investments	10	662	1,220	-	558
Loan receivables	11	-	1,900	-	-
Amount owing by subsidiaries	12	-	-	29,597	25,701
Other assets	13	1,092	1,165	-	-
		82,174	80,798	225,808	215,950
CURRENT ASSETS					
Inventories	14	-	341	-	-
Marketable securities held for trading	15	5,509	6,678	2,672	3,885
Receivables	16	124,811	131,610	5	6
Amount owing by subsidiaries	12	-	-	10,135	27,926
Tax refundable		1,540	-	-	-
Fixed deposits with licensed banks	17	15,178	5,173	-	-
Cash and short-term funds	18	116,663	102,209	77	117
		263,701	246,011	12,889	31,934
TOTAL ASSETS		345,875	326,809	238,697	247,884

The annexed notes form an integral part of financial statements.

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

For the financial year ended 31 December 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>EQUITY AND LIABILITIES</b>					
Share capital	19	<b>213,563</b>	213,563	<b>213,563</b>	213,563
Treasury shares	20	<b>(7,451)</b>	(7,447)	<b>(7,451)</b>	(7,447)
Reserves	21	<b>79,482</b>	85,628	<b>30,709</b>	39,923
<b>TOTAL EQUITY</b>		<b>285,594</b>	291,744	<b>236,821</b>	246,039
<b>NON-CURRENT LIABILITY</b>					
Deferred tax liability	22	<b>269</b>	180	-	-
<b>CURRENT LIABILITIES</b>					
Payables	23	<b>54,675</b>	29,331	<b>28</b>	28
Amount owing to subsidiaries	12	-	-	<b>1,690</b>	1,760
Bank overdrafts	24	<b>4,979</b>	5,063	-	-
Provision for taxation		<b>358</b>	491	<b>158</b>	57
		<b>60,012</b>	34,885	<b>1,876</b>	1,845
<b>TOTAL LIABILITIES</b>		<b>60,281</b>	35,065	<b>1,876</b>	1,845
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>345,875</b>	326,809	<b>238,697</b>	247,884

The annexed notes form an integral part of financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

		The Group		The Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE	25	<b>45,917</b>	72,203	<b>10,080</b>	9,124
DIRECT OPERATING COSTS	26	<b>(10,145)</b>	(21,034)	-	-
GROSS PROFIT		<b>35,772</b>	51,169	<b>10,080</b>	9,124
OTHER OPERATING INCOME		<b>6,971</b>	3,660	<b>68</b>	3,221
ADMINISTRATIVE AND GENERAL EXPENSES		<b>(19,293)</b>	(24,843)	<b>(377)</b>	(462)
NET REVERSAL OF IMPAIRMENT LOSSES ON INVESTMENTS IN SUBSIDIARIES		-	-	<b>6,520</b>	932
PROFIT FROM OPERATIONS	27	<b>23,450</b>	29,986	<b>16,291</b>	12,815
GAIN ON DISPOSAL OF A SUBSIDIARY	28	-	1,726	-	694
GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS		<b>206</b>	5,734	<b>207</b>	5,734
LOSS ON REDEMPTION OF AVAILABLE-FOR- SALE INVESTMENTS		-	(1,316)	-	-
FINANCE COSTS	29	<b>(16)</b>	(162)	<b>(38)</b>	(96)
LOSS ARISING FROM CHANGES IN FAIR VALUE OF MARKETABLE SECURITIES		<b>(1,328)</b>	(1,333)	<b>(635)</b>	(486)
SHARE OF (LOSS)/PROFIT OF AN ASSOCIATE	6	<b>(185)</b>	98	-	-
PROFIT BEFORE TAXATION		<b>22,127</b>	34,733	<b>15,825</b>	18,661

The annexed notes form an integral part of financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 31 December 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
PROFIT BEFORE TAXATION BROUGHT FORWARD		<b>22,127</b>	34,733	<b>15,825</b>	18,661
INCOME TAX EXPENSE	30	<b>(3,709)</b>	(5,897)	<b>(475)</b>	(276)
PROFIT AFTER TAXATION		<b>18,418</b>	28,836	<b>15,350</b>	18,385
OTHER COMPREHENSIVE EXPENSES					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of available-for-sale financial assets:					
- changes during the financial year		<b>(40)</b>	(294)	<b>(40)</b>	(294)
- reclassification to profit or loss on disposal		<b>(207)</b>	(5,734)	<b>(207)</b>	(5,734)
		<b>(247)</b>	(6,028)	<b>(247)</b>	(6,028)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<b>18,171</b>	22,808	<b>15,103</b>	12,357
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		<b>18,418</b>	28,836	<b>15,350</b>	18,385
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		<b>18,171</b>	22,808	<b>15,103</b>	12,357
EARNINGS PER SHARE:					
- basic (sen)	31	<b>9.09</b>	14.23		
- diluted (sen)		<b>Not applicable</b>	Not applicable		

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Non-Distributable				Distributable		Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Reserve Fund RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
The Group								
Balance at 1.1.2014		213,563	8,377	899	6,275	(7,444)	63,481	285,151
Profit after taxation for the financial year		-	-	-	-	-	28,836	28,836
Other comprehensive income for the financial year:								
- fair value changes of available-for-sale financial assets		-	-	-	(6,028)	-	-	(6,028)
Total comprehensive income for the financial year		-	-	-	(6,028)	-	28,836	22,808
Transferred to distributable retained profits		-	-	(899)	-	-	899	-
Contribution by and distribution to owners of the Company:								
- treasury shares acquired	20	-	-	-	-	(3)	-	(3)
- dividends paid	32	-	-	-	-	-	(16,212)	(16,212)
Balance at 31.12.2014		213,563	8,377	-	247	(7,447)	77,004	291,744

The annexed notes form an integral part of financial statements.



# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2015

		Non-Distributable			Distributable	
Note	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
<b>The Group</b>						
Balance at 31.12.2014/1.1.2015	213,563	8,377	247	(7,447)	77,004	291,744
Profit after taxation for the financial year	-	-	-	-	18,418	18,418
Other comprehensive income for the financial year:						
- fair value changes of available-for-sale financial assets	-	-	(247)	-	-	(247)
Total comprehensive income for the financial year	-	-	(247)	-	18,418	18,171
Transferred to distributable retained profits	-	-	-	-	-	-
Contribution by and distribution to owners of the Company:						
- treasury shares acquired	20	-	-	(4)	-	(4)
- dividends paid	32	-	-	-	(24,317)	(24,317)
Balance at 31.12.2015	213,563	8,377	-	(7,451)	71,105	285,594

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2015

		←	Non-Distributable			→	Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000		Retained Profits RM'000	Total Equity RM'000
The Company								
Balance at 1.1.2014		213,563	8,377	6,275	(7,444)		29,126	249,897
Profit after taxation for the financial year		-	-	-	-		18,385	18,385
Other comprehensive expenses for the financial year:								
- fair value changes of available-for-sale financial assets		-	-	(6,028)	-		-	(6,028)
Total comprehensive income for the financial year		-	-	(6,028)	-		18,385	12,357
Contribution by and distribution to owners of the Company:								
- treasury shares acquired	20	-	-	-	(3)		-	(3)
- dividends paid	32	-	-		-		(16,212)	(16,212)
Balance at 31.12.2014		213,563	8,377	247	(7,447)		31,299	246,039

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2015

		Non-Distributable			Distributable		
	Note	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
The Company							
Balance at 31.12.2014/1.1.2015		213,563	8,377	247	(7,447)	31,299	246,039
Profit after taxation for the financial year		-	-	-	-	15,350	15,350
Other comprehensive expenses for the financial year:							
- fair value changes of available-for-sale financial assets		-	-	(247)	-	-	(247)
Total comprehensive income for the financial year		-	-	(247)	-	15,350	15,103
Contribution by and distribution to owners of the Company:							
- treasury shares acquired	20	-	-	-	(4)	-	(4)
- dividends paid	32	-	-	-	-	(24,317)	(24,317)
Balance at 31.12.2015		213,563	8,377	-	(7,451)	22,332	236,821

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		22,127	34,733	15,825	18,661
Adjustments for:-					
Depreciation of property, plant and equipment		1,275	1,440	-	-
Depreciation of investment properties		3	3	-	-
Gain on disposal of available- for-sale investments		(207)	(5,734)	(207)	(5,734)
Gain on disposal of a subsidiary	28	-	(1,726)	-	(694)
Gain on disposal of property, plant and equipment		(71)	-	-	-
Loss arising from changes in fair value of marketable securities		1,328	1,333	635	486
Loss on redemption of available- for-sale investments		-	1,316	-	-
Interest expense		16	162	38	96
Net reversal of impairment losses on investments in subsidiaries		-	-	(6,520)	(932)
Trading right written off		100	-	-	-
Waiver of advances by a subsidiary		-	-	(68)	-
Impairment losses on receivables		-	122	-	-
Impairment losses on receivables written back		(4,492)	-	-	-
Property, plant and equipment written off		-	1	-	-
Share of loss/(profit) of an associate		185	(98)	-	-
Dividend income		(212)	(894)	(8,024)	(8,052)
Interest income		(16,774)	(17,749)	(924)	(4,177)
Operating profit/(loss) before working capital changes carried forward		3,278	12,909	755	(346)

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 31 December 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating profit/(loss) before working capital changes brought forward		<b>3,278</b>	12,909	<b>755</b>	(346)
Changes in inventories		<b>341</b>	5,448	-	-
Changes in land held for development		<b>(39)</b>	-	-	-
Changes in marketable securities		<b>(159)</b>	(230)	<b>578</b>	(103)
Changes in receivables		<b>13,164</b>	59,656	<b>1</b>	693
Changes in payables		<b>25,344</b>	(14,038)	-	-
<b>CASH FROM OPERATIONS</b>		<b>41,929</b>	63,745	<b>1,334</b>	244
Dividend received		<b>212</b>	894	<b>8,024</b>	8,052
Interest received		<b>16,774</b>	17,749	<b>924</b>	1,072
Interest paid		<b>(16)</b>	(162)	<b>(38)</b>	(96)
Income tax paid		<b>(5,293)</b>	(6,484)	<b>(374)</b>	(243)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>53,606</b>	75,742	<b>9,870</b>	9,029
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		<b>(1,050)</b>	(443)	-	-
Purchase of an investment property		<b>(4,332)</b>	-	-	-
Subscription for preference shares in a subsidiary		-	-	-	(58,000)
Proceeds from disposal of an available-for-sale investment		<b>518</b>	10,486	<b>518</b>	10,486
Proceeds from redemption of an available-for-sale investment		-	784	-	-
Proceeds from disposal of property, plant and equipment		<b>122</b>	-	-	-
Net cash (outflow)/inflow on disposal of a subsidiary	28	-	(4,190)	-	11,186
Acquisition of trading rights		-	(100)	-	-
Placement of fixed deposits		<b>(5)</b>	(63)	-	-
Repayment from subsidiaries		-	-	<b>13,895</b>	48,909
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(4,747)</b>	6,474	<b>14,413</b>	12,581

The annexed notes form an integral part of financial statements.

# STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 31 December 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES					
Repurchase of shares		(4)	(3)	(4)	(3)
Repayment of term loan		-	(51)	-	-
Repayment to subsidiaries		-	-	(2)	(5,526)
Dividends paid		(24,317)	(16,212)	(24,317)	(16,212)
NET CASH FOR FINANCING ACTIVITIES		(24,321)	(16,266)	(24,323)	(21,741)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		24,538	65,950	(40)	(131)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		102,146	36,196	117	248
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	126,684	102,146	77	117

The annexed notes form an integral part of financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and the principal place of business is 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 April 2016.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and trading in marketable securities whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements.

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

## 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 ("IFRS") and the requirements of the Companies Act 1965 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following amendments and annual improvements to accounting standards (including the consequential amendments, if any):-

### **Amendments and Annual Improvements (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above amendments and annual improvements (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 3. BASIS OF PREPARATION (CONT'D)

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

<b>MFRSs (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

- 3.2 The adoption of the above accounting standards (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) 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. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.
- 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 goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The adoption of the above accounting standards (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:- (Cont'd)
- (c) The amendments to MFRS 10, MFRS 12 and MFRS 128 (2011) allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture. There will be no financial impact on the financial statements of the Group and Company upon its initial application.
  - (d) The amendments to MFRS 127 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group has an intention to change its accounting policies on investments in subsidiaries and associates to the equity method when the amendments become effective. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (a) Classification of Available-for-Sale Investments and Financial Assets at Fair Value Through Profit or Loss

Significant management judgement is required to determine the classification of these financial assets according to certain criteria based on MFRS 139. Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were required.

The available-for-sale-investments consist of investments in ordinary shares, preference shares and other investments which have no fixed maturity date or coupon rate. These are non-derivative financial assets which the management has designated as available-for-sale investments as they are not loans and receivables financial assets, held-to-maturity investments or financial assets at fair value through profit or loss referred to in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (a) Classification of Available-for-Sale Investments and Financial Assets at Fair Value Through Profit or Loss (Cont'd)

The Group's financial assets at fair value through profit or loss which are principally acquired for the purpose of selling in the short term are classified as marketable securities held for trading referred to in Note 15 to the financial statements.

#### (b) 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.

#### (c) Income Taxes

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

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's unrecognised temporary differences and unutilised tax losses as at 31 December 2015 was RM75.913 million (2014: RM83.557 million).

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 and deferred tax provisions in the year in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (d) Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (e) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (f) Impairment Losses on Receivables

The collectability of receivables is assessed on an on-going basis. Impairment loss on receivables is made for any account considered to be doubtful of collection.

The impairment loss on receivables is made based on a review of outstanding accounts as at the reporting date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Specific impairment losses are made for receivables considered to be bad and doubtful which have been individually reviewed and specifically identified as impaired accounts.

The classification of an account as impaired is in conformity with the criteria set under Chapter 12 Rule 12.04 of Bursa Malaysia Securities Berhad ("BMSB").

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (f) Impairment Losses on Receivables (Cont'd)

The carrying value of the amount owing by clients as at 31 December 2015 was RM88.557 million (2014: RM111.379 million).

The carrying value of the amount owing by the subsidiaries to the Company as at 31 December 2015 was RM39.732 million (2014: RM53.627 million).

#### (g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### (h) Impairment of Investments in Subsidiaries

Investments in subsidiaries are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2015 was RM196.211 million (2014: RM189.691 million).

#### (i) Impairment of Investments in Associates

Investments in associates are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the associates and also choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the investment in an associate as at 31 December 2015 was RM6.988 million (2014: RM7.173 million).



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (j) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and 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 Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

### 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 (including structured 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.

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. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.1 BASIS OF CONSOLIDATION (CONT'D)

#### (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.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

#### (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.

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 of (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 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 as a gain in profit or loss.

### 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) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the 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 except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.5 FINANCIAL INSTRUMENTS

Financial instruments 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 liabilities or equity in accordance with the substance of the contractual arrangement. 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. Derivatives are also classified as held for trading unless they are designated as hedges.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

##### (ii) Held-to-maturity Investments

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

##### (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.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

##### (iv) Available-for-sale Financial Assets (Cont'd)

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (b) Financial Liabilities

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

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

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

#### (c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

#### (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 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.7 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.8 PROPERTY, PLANT AND EQUIPMENT

#### (a) Measurement basis

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost and not depreciated.

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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of 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 is recognised in profit or loss.

#### (b) Depreciation

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the 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 and apartment units	2%
Leasehold land	Over the leasehold period
Office equipment	20% - 33.33%
Motor vehicles	20%
Plant and machinery	20%
Furniture, fixtures and fittings	10% - 20%
Renovation	15% - 20%

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.9 INVESTMENT PROPERTIES

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

#### (a) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Investment properties are derecognised when they have either been disposed of 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. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4.8 above.

#### (b) Depreciation

Freehold land is not depreciated.

Depreciation is charged to profit or loss on a straight-line method to write off the depreciable amount of the properties over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the properties.

The principal annual rates for this purpose are:-

Leasehold land	Over the lease period
Building and apartments units	2%

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 properties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.10 LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

#### (a) Finance Leases

Assets acquired under finance leases are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each finance lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

#### (b) Operating Leases

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments in the consolidated statement of financial position.

### 4.11 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development is carried at cost less any accumulated impairment losses. Where land held for property development had previously been recorded at a revalued amount, the revalued amount is retained as its surrogate costs.

Land held for property development is classified as non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the statement of comprehensive income as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.12 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

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

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

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

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.12 IMPAIRMENT (CONT'D)

#### (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 there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

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

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

### 4.13 INVENTORIES

Inventories comprise stock of completed properties held for sale and are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land and related development expenditure incurred.

### 4.14 INCOME TAXES

Income tax for the year comprises current and deferred tax.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.14 INCOME TAXES (CONT'D)

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that 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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets.

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 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 income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

### 4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.16 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits 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.

#### (b) Post-employment benefits

The Group pays monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company is limited to the amount that they are required to contribute to the EPF. The contributions to the EPF are recognised in profit or loss in the period to which they relate.

### 4.17 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.18 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. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.19 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's 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.20 REVENUE AND OTHER INCOME

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the income can be measured reliably, on the following bases:

#### (a) Brokerage Income

Brokerage income is measured at the fair values of the consideration received or receivable and is recognised upon execution of contract.

#### (b) Interest Income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Where an account is impaired, interest is suspended with retroactive adjustment made to the date of the first default. Thereafter, interest is recognised on a cash basis or such time when the account is no longer classified as impaired. The classification of an account as impaired is in conformity with the criteria set under Chapter 12 Rule 12.04 of BMSB.

#### (c) Revenue from Property Development

Revenue from property development is recognised from the sale of completed properties.

Revenue from sales of completed properties is recognised when the sale is contracted.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

#### (d) Fees and Commission

Fees and commission are recognised on an accrual basis when services are rendered.

#### (e) Dividend Income

Dividend income is recognised when the shareholder's right to receive payment is established.

#### (f) Rental Income from Investment Properties

Rental income from investment properties is recognised on a straight line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

### 4.20 REVENUE AND OTHER INCOME (CONT'D)

#### (g) Results from Trading in Shares and Futures

Gains and losses from trading are recognised upon execution of contracts.

#### (h) Administrative Charges on Client Trust Monies

Administrative charges on client trust monies are recognised on an accrual basis when services are rendered.

#### (i) Sale of Unit Trusts

Income from sale of units is recognised upon approval of a unitholder's application.

### 4.21 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.

### 4.22 BORROWING COSTS

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

All other interest and costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Finance costs comprise interest paid and payable on borrowings.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost:		
- Ordinary Shares	142,091	142,091
- Redeemable Non-Cumulative Convertible Preferences Shares ("RNCPS")	58,000	58,000
	200,091	200,091
Less: Accumulated impairment losses	(3,880)	(10,400)
	196,211	189,691
Accumulated impairment losses:-		
At 1.1.2015/2014	(10,400)	(11,332)
Addition during the financial year	(100)	-
Reversal during the financial year	6,620	932
At 31.12.2015/2014	(3,880)	(10,400)

### (i) The investments in subsidiaries

The subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2015 %	2014 %	
JF Apex Securities Berhad ("JFASB")	100	100	Stock, share and futures brokers and dealers in securities, investment advisor and dealers in securities.
AEH Capital Sdn. Bhd. ("AEHC")	100	100	Money lending and property development.
JF Apex Nominees (Tempatan) Sdn. Bhd. @	100	100	Provision of nominee services.
JF Apex Nominees (Asing) Sdn. Bhd. @	100	100	Provision of nominee services.
Apex Asset Management Sdn. Bhd.	100	100	Inactive.
Apex Partners Sdn. Bhd. #	100	100	Inactive.

@ Held through JFASB.

# In the process of being struck-off.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### (ii) The RNCPS

The salient features of RNCPS are as follows:-

- Tenure** : The RNCPS is issued at par for cash by a subsidiary, AEHC for a period of 15 year from 10 September 2015.
- Redemption** : The redemption is at the option of the subsidiary and may at any time apply any distributable profits or monies of the subsidiary and/or any amount standing to the credit of the share premium account which may be lawfully applied for the purpose in the redemption of RNCPS. Any partial redemption shall be at a minimum of RM1 million.
- Conversion Rights** : The RNCPS is convertible to ordinary shares upon expiry of the 15th year tenure at a conversion price of RM1.00 per share and at the conversion rate of one unconverted RNCPS for one new ordinary share.
- Dividend** : The holder of the RNCPS shall be entitled to a payment of dividend, the rate and date of which shall be determined by the Board of Directors of the subsidiary from time to time. Such dividends shall not be cumulative.

### (iii) The Accumulated Impairment Losses

During the financial year, the Company carried out a review of the recoverable amounts of its investments in subsidiaries. As a result of the review, the Company made the following net reversal of impairment losses on its investments in certain subsidiaries:-

	2015 RM'000	2014 RM'000
Reversal of impairment losses on investments in certain subsidiaries	6,620	932
Additional impairment loss on an investment in a subsidiary	(100)	-
Net reversal of impairment losses on investments in subsidiaries	6,520	932

The reversal of the impairment losses relates to investments in certain subsidiaries which had been impaired previously have become profitable over the last few years, while the additional impairment loss write down is in respect of an investment in a subsidiary which is in the process of being struck off.

The above has been recognised in the statements of profit or loss and other comprehensive income under "Net reversal of impairment losses on investments in subsidiaries".

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 6. INVESTMENT IN AN ASSOCIATE

	The Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	7,075	7,075
Share of post-acquisition (loss)/profit	(87)	98
	<b>6,988</b>	<b>7,173</b>

The details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Associate	The Group Effective Equity Interest		Principal Activities
	2015 %	2014 %	
Apex Investment Services Berhad @	<b>43.00</b>	43.00	Establishment and management of unit trusts and wholesale funds, and provision of portfolio management.

@ Held through JFASB.

The summarised financial information of the associate that is individually material to the Group is as follows:-

	2015 RM'000	2014 RM'000
<u>Group's share of (loss)/profit for the financial year/period</u>		
- financial year ended 31 December 2015	(185)	-
- 3 months period ended 31 December 2014	-	98
	<b>6,988</b>	<b>7,173</b>

Group's share of net assets

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 7. PROPERTY, PLANT AND EQUIPMENT

The Group									
2015	Freehold land RM'000	Leasehold land RM'000	Building and apartment units RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Cost									
At 1 January	1,318	143	17,076	15,660	843	1,209	6,518	5,315	48,082
Additions	-	-	-	706	342	-	2	-	1,050
Disposal	-	-	-	-	(336)	-	-	-	(336)
Write-off	-	-	-	(5,805)	-	-	-	-	(5,805)
At 31 December	1,318	143	17,076	10,561	849	1,209	6,520	5,315	42,991
Accumulated depreciation									
At 1 January	-	24	4,428	14,624	467	1,209	6,485	4,944	32,181
Charge for the financial year	-	1	337	647	153	-	2	135	1,275
Disposal	-	-	-	-	(285)	-	-	-	(285)
Write-off	-	-	-	(5,805)	-	-	-	-	(5,805)
At 31 December	-	25	4,765	9,466	335	1,209	6,487	5,079	27,366
Net carrying amount at 31 December	1,318	118	12,311	1,095	514	-	33	236	15,625

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

The Group									
2014	Freehold land RM'000	Leasehold land RM'000	Building and apartment units RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Cost									
At 1 January	1,318	143	17,076	16,200	1,214	1,209	6,701	5,328	49,189
Additions	-	-	-	330	-	-	-	113	443
Disposal of a subsidiary	-	-	-	(865)	(371)	-	(183)	(126)	(1,545)
Write-off	-	-	-	(5)	-	-	-	-	(5)
At 31 December	1,318	143	17,076	15,660	843	1,209	6,518	5,315	48,082
Accumulated depreciation									
At 1 January	-	22	4,078	14,414	610	1,209	6,657	4,942	31,932
Charge for the financial year	-	2	350	761	197	-	4	126	1,440
Disposal of a subsidiary	-	-	-	(547)	(340)	-	(176)	(124)	(1,187)
Write-off	-	-	-	(4)	-	-	-	-	(4)
At 31 December	-	24	4,428	14,624	467	1,209	6,485	4,944	32,181
Net carrying amount at 31 December	1,318	119	12,648	1,036	376	-	33	371	15,901

In the previous financial year, the freehold land and building of a subsidiary with a net carrying amount of RM13.744 million were pledged to a licensed bank for banking facilities granted to the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

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

The leasehold land is amortised over a lease period of 99 years.

Included in the cost of property, plant and equipment are fully depreciated property, plant and equipment still in use as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Office equipment	8,336	13,551
Furniture, fixtures and fittings	6,360	6,360
Renovation	4,830	4,829
Plant and machinery	1,209	1,209
Motor vehicles	81	134
	<b>20,816</b>	<b>26,083</b>

## 8. INVESTMENT PROPERTIES

The Group 2015	Freehold land RM'000	Long lease- hold land RM'000	Apartment unit RM'000	Total RM'000
Cost				
At 1 January	22,696	-	156	22,852
Addition	-	4,332	-	4,332
At 31 December	<b>22,696</b>	<b>4,332</b>	<b>156</b>	<b>27,184</b>
Accumulated depreciation				
At 1 January	-	-	(50)	(50)
Charge for the financial year	-	-	(3)	(3)
At 31 December	-	-	(53)	(53)
Net carrying amount at 31 December	<b>22,696</b>	<b>4,332</b>	<b>103</b>	<b>27,131</b>
Fair value				
At 31 December	<b>80,096</b>	<b>4,620</b>	<b>240</b>	<b>84,956</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 8. INVESTMENT PROPERTIES (CONT'D)

The Group 2014	Freehold land RM'000	Long lease- hold land RM'000	Apartment unit RM'000	Total RM'000
Cost				
At 1 January	12,710	-	156	12,866
Transferred from non-current asset held for sale	9,986	-	-	9,986
At 31 December	22,696	-	156	22,852
Accumulated depreciation				
At 1 January	-	-	(47)	(47)
Charge for the financial year	-	-	(3)	(3)
At 31 December	-	-	(50)	(50)
Net carrying amount at 31 December	22,696	-	106	22,802
Fair value				
At 31 December	58,976	-	180	59,156

The directors have opted for the cost model in determining the carrying amount of the investment properties.

The fair value of these properties at the end of the reporting period was determined by the directors by reference to market prices of similar properties at the end of the reporting period and after having considered specific factors such as locality and availability of amenities.

The long leasehold land which was acquired towards the end of the current financial year has a remaining leasehold period of 890 years.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 9. LAND HELD FOR DEVELOPMENT

	The Group	
	2015 RM'000	2014 RM'000
At cost:		
- Freehold land	30,500	30,500
- Development expenditure	176	137
	<b>30,676</b>	<b>30,637</b>
Development expenditure:-		
At 1 January	137	137
Additions during the financial year	39	-
At 31 December	<b>176</b>	<b>137</b>

## 10. AVAILABLE-FOR-SALE INVESTMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Quoted shares, at fair value held outside Malaysia	-	558	-	558
Unquoted shares, at cost held in Malaysia	662	662	-	-
	<b>662</b>	<b>1,220</b>	<b>-</b>	<b>558</b>

## 11. LOAN RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Gross receivables	-	14,221
Less:-		
Impairment losses on receivables	-	(4,347)
Interest-in-suspense	-	(7,974)
	-	(12,321)
	<b>-</b>	<b>1,900</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 11. LOAN RECEIVABLES (CONT'D)

Movements in the impairment losses on loan receivables and interest-in-suspense are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Specific impairment losses on receivables		
At 1 January	4,347	4,347
Reversal	(4,347)	-
At 31 December	-	4,347
Interest-in-suspense		
At 1 January	7,974	7,434
Additions	393	540
Reversal	(2,729)	-
Write-off	(5,638)	-
At 31 December	-	7,974

The loan receivables in the previous reporting period earned effective interest rates between 8.0% to 8.6% per annum.

## 12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Amount owing by subsidiaries	39,732	53,627
Less:-		
Receivables not later than one year	(10,135)	(27,926)
Receivables later than one year	29,597	25,701
Amount owing to subsidiaries	1,690	1,760

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 12. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

The amount owing by subsidiaries represents unsecured advances which are receivable on demand except for the amount which is expected to be receivable later than one year. The amount owing is to be settled in cash.

Included in the amount owing by subsidiaries is an amount totalling RM39.732 million (2014: RM52.627 million) which earns interest at the bankers' acceptances rate of a reference bank. The effective interest rate of 2.25% (2014: between 2.00% and 2.25%) per annum, whilst the balance of RM1 million in the previous financial year was interest-free.

The amount owing to subsidiaries represents unsecured advances which are payable on demand. The amount owing is to be settled in cash.

Included in the amount owing to subsidiaries is an amount of RM1.690 million (2014: RM1.690 million) which bears interest at the bankers' acceptances rate of a reference bank. The effective interest rate is 2.25% (2014: between 2.00% and 2.25%) per annum, whilst the balance of RM70,000 in the previous financial year was interest-free.

## 13. OTHER ASSETS

	The Group	
	2015 RM'000	2014 RM'000
Clearing fund	1,092	1,065
Trading rights	-	100
	<b>1,092</b>	<b>1,165</b>

The clearing fund refers to the contribution made in accordance with the Business Rules of the BMDB and is placed with Bursa Malaysia Derivatives Clearing Bhd ("BMDC"). The effective interest rates of the clearing fund range from 2.37% to 3.05% (2014: 2.00% to 2.66%) per annum.

## 14. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
Stock of completed properties, at cost	-	341
<u>Recognised in profit or loss:-</u>		
Inventories recognised as cost of sales	<b>341</b>	<b>5,448</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 15. MARKETABLE SECURITIES HELD FOR TRADING

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value:-				
Quoted in Malaysia:				
- Shares	2,836	2,793	-	-
- Unit trusts	2,359	2,224	2,358	2,224
	5,195	5,017	2,358	2,224
Shares quoted outside Malaysia	314	1,661	314	1,661
	5,509	6,678	2,672	3,885

The marketable securities represent investments in listed equity securities and unit trusts that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

## 16. RECEIVABLES

		The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount owing by brokers	(a)	34,725	12,050	-	-
Gross amount owing by clients	(a)	106,548	129,041	-	-
Less:-					
Impairment losses on receivables	(b)	(8,171)	(8,663)	-	-
Interest-in-suspense	(c)	(9,820)	(8,999)	-	-
		(17,991)	(17,662)	-	-
		88,557	111,379	-	-
Trade receivables		123,282	123,429	-	-
Other receivables	(d)	939	7,584	-	-
Deposits		350	451	5	5
Prepayments		240	146	-	1
		124,811	131,610	5	6

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 16. RECEIVABLES (CONT'D)

### (a) Gross amount owing by brokers and clients

The amount owing by clients comprises outstanding amounts receivable from clients on contra losses incurred, overdue and/or outstanding purchase contracts and margin trading accounts.

The normal credit term for the amount owing by non-margin clients and amount owing by brokers is transaction day plus 3 trading days ("T+3") in accordance with the Fixed Delivery and Settlement System trading rules of BMSB.

Total outstanding balances classified as impaired amounting to RM17.991 million (2014: RM17.662 million) represent amount which are doubtful of collection.

The classification of an account as impaired is in conformity with the criteria set under Chapter 12 of the Rules of BMSB.

A contra interest at a flat rate of 10.5% (2014: 10.5%) per annum is charged on outstanding amounts owing by non-margin clients after T+3.

### (b) Movements in impairment losses on amount owing by clients are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Specific impairment losses:-		
At 1 January	8,663	8,614
Additions	347	512
Reversal	(492)	(390)
Write-off	(347)	(73)
At 31 December	8,171	8,663

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 16. RECEIVABLES (CONT'D)

### (c) Movements in Interest-in-suspense are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Interest-in-suspense:-		
At 1 January	8,999	8,277
Additions	862	870
Reversal	(2)	(15)
Write-off	(39)	(133)
At 31 December	9,820	8,999

### (d) Other receivables

Included in the other receivables:-

- (i) is an amount of RM259,749 (2014: RM250,081) representing clearing fund with BMDC which earn effective interest rates ranging from 2.37% to 3.05% (2014: 2.00% to 2.66%) per annum. The clearing fund has a maturity period of less than three months at the end of the reporting period.
- (ii) of the previous financial year was an amount of RM6.6 million placed with a stakeholder relating to a litigation as disclosed in Note 36(a) to the financial statements.

## 17. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits is an amount of RM178,109 (2014: RM172,832) which is pledged to a bank for guarantee facilities granted to a subsidiary.

The fixed deposits bear effective interest rates ranging from 3.20% to 3.55% (2014: 3.15% to 3.50%) per annum and have maturity periods of 1 to 12 months (2014: 1 to 12 months).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 18. CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	23,888	29,054	77	117
Money at call and deposit placements maturing within one month	92,775	73,155	-	-
	<b>116,663</b>	<b>102,209</b>	<b>77</b>	<b>117</b>

The money at call and deposits earn effective interest rates of between 2.70% and 3.73% (2014: 2.70% and 3.50%) per annum. The deposits have maturity periods ranging from 1 to 31 days (2014: 1 to 31 days).

## 19. SHARE CAPITAL

	The Company			
	Number of shares		Nominal value	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
<b>Authorised</b>				
Ordinary shares of RM 1 each	500,000	500,000	500,000	500,000
<b>Issued and fully paid-up</b>				
Ordinary shares of RM 1 each	213,563	213,563	213,563	213,563

## 20. TREASURY SHARES

	The Company			
	Number of shares		At cost	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
At 1 January	10,916	10,914	7,447	7,444
Additions	2	2	4	3
At 31 December	<b>10,918</b>	<b>10,916</b>	<b>7,451</b>	<b>7,447</b>

The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

The treasury shares have no rights to vote, dividends or participation in other distributions.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 21. RESERVES

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non distributable					
Share premium	(a)	8,377	8,377	8,377	8,377
Fair value reserve	(b)	-	247	-	247
		8,377	8,624	8,377	8,624
Distributable					
Retained profits	(c)	71,105	77,004	22,332	31,299
		79,482	85,628	30,709	39,923

### (a) Share Premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

### (b) Fair Value Reserve

The fair value reserve in the previous financial year represented the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they were disposed of or impaired.

### (c) Retained Profits

Under the single tier tax system, tax on the Company's profits is the final tax, and accordingly, any dividends to the shareholders are not subject to tax.

## 22. DEFERRED TAX LIABILITY

	The Group	
	2015 RM'000	2014 RM'000
At 1 January	180	356
Recognised in profit or loss (Note 30)	89	(176)
At 31 December	269	180

Deferred tax liability represents accelerated capital allowances.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 23. PAYABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount owing to clients	40,073	8,452	-	-
Amount owing to brokers	3,741	9,746	-	-
Other payables	3,212	3,752	-	-
Deposits	6,073	5,514	-	-
Accruals	1,576	1,867	28	28
	<b>54,675</b>	<b>29,331</b>	<b>28</b>	<b>28</b>

The amounts owing to clients and brokers are non-interest bearing and are from the normal business transactions of a subsidiary.

The normal credit terms of the amount owing to clients and brokers are transaction day plus 3 trading days ("T+3").

## 24. BANK OVERDRAFTS

The bank overdraft facilities granted to a subsidiary are floating rate financial instruments which are unsecured but guaranteed by the Company. The effective interest rates of the bank overdrafts at the end of the reporting period was 8.35% (2014: ranging from 6.10% to 8.60%) per annum.

## 25. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Brokerage income	25,832	34,313	-	-
Interest income	15,714	17,389	924	1,072
Revenue from property development	980	11,536	-	-
Fees and commission	1,371	6,797	-	-
Gross dividends	24	52	8,024	8,052
Rental income from investment properties	1,012	893	-	-
Results from trading in marketable securities	984	(111)	1,132	-
Sales of unit trusts	-	1,334	-	-
	<b>45,917</b>	<b>72,203</b>	<b>10,080</b>	<b>9,124</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 26. DIRECT OPERATING COSTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Commission of remisiers, dealers and brokers and other direct expenses	9,165	14,864	-	-
Property development costs	365	5,609	-	-
Direct operating expenses of investment properties	615	561	-	-
	<b>10,145</b>	<b>21,034</b>	<b>-</b>	<b>-</b>

## 27. PROFIT FROM OPERATIONS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit from operations is stated after charging/ (crediting):-				
Auditors' remuneration:-				
Statutory audit:				
- current year	117	123	28	28
- under/(over)provision in prior year	4	(2)	-	-
Non-statutory:				
- current year	3	11	3	-
Depreciation:				
- investment properties	3	3	-	-
- property, plant and equipment	1,275	1,440	-	-
Directors' remuneration:				
- fees	795	972	200	200
- other emoluments	482	417	8	7
Employee benefits expense:				
- salaries, bonuses and allowances	6,323	6,014	-	-
- defined contribution plans	822	821	-	-
- others	185	364	-	-
Impairment losses on receivables	-	122	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 27. PROFIT FROM OPERATIONS (CONT'D)

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging/ (crediting) (Cont'd):-				
Operating leases:				
- rental of equipment	1,599	1,339	-	-
- rental of premises	349	530	-	-
Property, plant and equipment written off	-	1	-	-
Trading rights written-off	100	-	-	-
Forfeiture of deposit received	-	(1,100)	-	-
Gain on disposal of property, plant and equipment	(71)	-	-	-
Gain on disposal of a subsidiary	-	(1,726)	-	(694)
Gross dividends from:				
- a subsidiary	-	-	(8,000)	(8,000)
- shares quoted outside Malaysia	(24)	(52)	(24)	(52)
- unquoted shares	(147)	(98)	-	-
- marketable securities quoted in Malaysia	(41)	(744)	-	-
Impairment on receivables written back	(4,492)	-	-	-
Interest income from:				
- clients	(11,585)	(14,254)	-	-
- fixed and time deposits	(4,780)	(3,298)	-	-
- fair value gain on financial asset measured at amortised cost	-	-	-	(3,105)
- amount owing by subsidiaries	-	-	(924)	(1,072)
- others	(409)	(197)	-	-
Net reversal of impairment losses on investments in subsidiaries	-	-	(6,520)	(932)
Rental income from:				
- operating leases of investment properties	(1,012)	(893)	-	-
- land held for development	(459)	(380)	-	-
Realised gain on foreign exchange	(94)	(21)	-	-
Waiver of advances by a subsidiary	-	-	(68)	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 28. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Group disposed of 57% equity interests in its wholly owned subsidiary, Apex Investment Services Berhad to certain third parties for a sale consideration of RM11.104 million. The disposal was completed in the current financial year.

The details of the net assets disposed of and the net cash outflow from the disposal of the subsidiary in the previous financial year were as follows:-

	<b>The Group RM'000</b>
Current assets	16,040
Current liabilities	(1,347)
Property, plant and equipment	358
Deferred taxation	1,402
Fair value of net assets disposed	16,453
Share of interest retained by the Group	(7,075)
Equity interest disposed by the Group	9,378
Gain on disposal	1,726
Sale proceeds from disposal of subsidiary	11,104
Cash and cash equivalents of subsidiary disposed	(15,294)
Net cash outflow on disposal of subsidiary	(4,190)

The effects of the disposal of the subsidiary on the financial results of the Group in the previous financial year were as follows:-

	<b>RM'000</b>
Revenue	6,357
Loss after taxation	(189)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 29. FINANCE COSTS

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Finance costs incurred during the financial year comprise interest expense on:				
- bank overdrafts	16	162	-	-
- advances from subsidiaries	-	-	38	96
	<b>16</b>	<b>162</b>	<b>38</b>	<b>96</b>

## 30. INCOME TAX EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	4,056	6,062	498	269
- (over)/underprovision in the previous financial year	(436)	51	(23)	7
	<b>3,620</b>	<b>6,113</b>	<b>475</b>	<b>276</b>
Deferred tax expense:				
(Note 22)				
- relating to origination and reversal of temporary differences during the financial year	100	(127)	-	-
- overprovision in the previous financial year	(11)	(89)	-	-
	<b>89</b>	<b>(216)</b>	<b>-</b>	<b>-</b>
	<b>3,709</b>	<b>5,897</b>	<b>475</b>	<b>276</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 30. 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 the Company is as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation (excluding share of associate's results)	<b>22,312</b>	34,635	<b>15,825</b>	18,661
Tax at the applicable tax rate of 25% for the Group and the Company	<b>5,578</b>	8,658	<b>3,956</b>	4,665
Add/(Less):-				
Share of tax of associate	-	25	-	-
Tax effect of expenses not deductible in determining taxable profit	<b>593</b>	1,362	<b>203</b>	54
Tax effect of income not taxable in determining taxable profit	<b>(105)</b>	(2,711)	<b>(3,661)</b>	(4,450)
Utilisation of deferred tax assets not previously recognised	<b>(1,910)</b>	(1,399)	-	-
(Over)/Underprovision in the previous financial year:				
- current tax expense	<b>(436)</b>	51	<b>(23)</b>	7
- deferred tax expense	<b>(11)</b>	(89)	-	-
Income tax expense for the financial year	<b>3,709</b>	5,897	<b>475</b>	276

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

The following deferred tax benefits which have not been recognised in the financial statements of the Group as at 31 December are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Deductible temporary differences arising from:		
- Unused tax losses	<b>75,837</b>	83,481
- Unabsorbed capital allowances	<b>76</b>	76
	<b>75,913</b>	83,557



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 31. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share has been calculated based on the consolidated profit after taxation of RM18.418 million (2014: RM28.836 million) attributable to owners of the Company and on 202.645 million (2014: 202.647 million) ordinary shares in issue during the year after deducting treasury shares calculated as follows:-

	The Group	
	2015 '000	2014 '000
Number of ordinary shares in issue at 31 December	213,563	213,563
Less:-		
Number of treasury shares held at 31 December	(10,918)	(10,916)
	<b>202,645</b>	<b>202,647</b>

## 32. DIVIDENDS

	The Company	
	2015 RM'000	2014 RM'000
Recognised as distribution to owners of the Company during the year:-		
In respect of the financial year ended 31 December 2014:		
- first single tier interim dividend of 7 sen	14,185	-
- final single tier dividend of 5 sen	10,132	-
In respect of the financial year ended 31 December 2013:		
- final single tier dividend of 5 sen; and	-	10,132
- special single tier dividend of 3 sen	-	6,080
	<b>24,317</b>	<b>16,212</b>
Net dividend per ordinary share (sen)	<b>12.00</b>	<b>8.00</b>

At the forthcoming Annual General Meeting, a final single tier dividend of 5 sen per ordinary share amounting to RM10,132,260 in respect of the current financial year will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the above dividend. Upon shareholders' approval, the proposed final single tier dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits with licensed banks	15,178	5,173	-	-
Cash and bank balances	116,663	102,209	77	117
	<b>131,841</b>	107,382	<b>77</b>	117
Less:-				
Fixed deposits pledged (Note 17)	(178)	(173)	-	-
Bank overdrafts (Note 24)	(4,979)	(5,063)	-	-
	<b>126,684</b>	102,146	<b>77</b>	117

## 34. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

The Company has related party relationships with:-

- (i) all its subsidiaries as disclosed in Note 5 to the financial statements;
- (ii) its associate as disclosed in Note 6 to the financial statements; and
- (iii) the directors of the Company and its subsidiaries who are the key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 34. RELATED PARTY DISCLOSURES (CONT'D)

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Disposal of equity interest in a subsidiary to another subsidiary	-	-	-	82
Waiver of advances by a subsidiary	-	-	68	-
Repayment of advances to subsidiaries	-	-	(2)	(5,526)
Repayment of advances from subsidiaries	-	-	29,748	130,909
Dividend income from a subsidiary	-	-	8,000	8,000
Interest charged to subsidiaries	-	-	924	1,072
Advances to subsidiaries	-	-	(15,853)	(82,000)
Interest expense charged by subsidiaries	-	-	(38)	(96)
Subscription for RNCP in a subsidiary	-	-	-	(58,000)
Management fees received from associate	35	-	-	-
Rental income from associate	126	-	-	-
Legal fees charged by a related party	78	359	-	-

- (c) Compensation of key management personnel

The remuneration paid to the directors of the Company and its subsidiaries, who are the key management personnel of the Group and the Company during the financial year was as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	2,341	2,560	208	207
Post-employment benefits				
- defined contribution plans	288	366	-	-
	2,629	2,926	208	207

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 35. MONEY HELD IN TRUST FOR CLIENTS

Money held in trust for clients at the end of the reporting period is as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Money at call and deposit placements maturing within one month	90,865	111,738
Clearing house/brokers	6,400	9,113
Cash and bank balances	350	2,893
	<b>97,615</b>	<b>123,744</b>

Certain subsidiaries maintain the trust accounts for their clients pursuant to Section 111 of the Capital Market and Services Act 2007.

## 36. CONTINGENT LIABILITIES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unsecured corporate guarantees for banking facility utilised by a subsidiary	-	-	4,979	5,062

### (a) Litigation 1

A writ of Summons dated 18 November 2010 was filed in the High Court of Malaya at Kuala Lumpur by Sanctuary Court Sdn Bhd ("the Plaintiff") against AEHC, a subsidiary of the Company. The Plaintiff claimed against AEHC, inter alia, for declaration that the Sale and Purchase Agreement ("the Agreement") of Debts entered into on 22 May 2000 between the parties is terminated, and demand for a refund of the sums paid by the Plaintiff pursuant of the said Agreement amounting to approximately RM6.253 million.

AEHC is defending the claim, inter alia, on the basis that there is no obligation for it to terminate the Agreement, and/or alternatively that the Plaintiff's claim is time barred.

The hearing was fixed on 3 March 2011 and the judgment was made in favour of the Plaintiff for a refund of the sum of RM6.253 million together with interest and costs. An appeal was filed by AEHC on 21 March 2011 in the Court of Appeal and for a stay of execution.

On 19 May 2011, at the order of the Court, the AEHC placed a deposit of approximately RM6.253 million with a stakeholder being the Judgement Sum, pending the outcome of the appeal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 36. CONTINGENT LIABILITIES (CONT'D)

### (a) Litigation 1 (Cont'd)

On 16 April 2012, the appeal to set aside the judgement was allowed by the Court of Appeal. The Court of Appeal also directed that the case be remitted back to the High Court for hearing before another Judge. The deposit of RM6.253 million placed with the Court was remitted to AEHC on 28 May 2012.

On 13 August 2013, the High Court decided in favour of the Plaintiff and ordered AEHC to refund the sum of RM6.253 million to the Plaintiff with interest at 5% per annum from the date of filing of this action until full payment with cost of RM10,000. Accordingly, AEHC had placed an amount of RM6.6 million with the stakeholder as disclosed in Note 16(d)(iii) to the financial statements.

AEHC has lodged an appeal at the Court of Appeal on 11 November 2014.

On 5 February 2015, the Court of Appeal reversed the judgement of the High Court and ordered the Plaintiff to pay a sum of RM20,000 as cost and to return the deposit sum of RM6.6 million to the Company. The Company has duly received the payment during the current financial year.

The Plaintiff has filed a motion for leave to appeal to the Federal Court on 5 March 2016, and the Court has fixed the Case Management hearing date on 2 June 2016. Based on legal advice from AEHC's counsel, the directors are of the view that the Plaintiff will not succeed in getting leave to appeal the case.

### (b) Litigation 2

A subsidiary, JFASB together with its vendors had on 30 April 2015, received a Writ of Summon and Statement of Claim from the plaintiffs namely Algorhythm (S) Pte Ltd and Algorhythm (M) Sdn Bhd for the infringement on the copyright of its software. Upon hearing the case on 21 to 25 March 2016, the High Court of Malaya has fixed a hearing date on 18 April 2016 for the parties to file for Consent Judgement.

Based on legal advice from the JFASB's counsel, the directors anticipate that this case will be settled amicably.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 5 main business segments as follows:-

- (i) Stock and futures broking segment
- (ii) Building management and property investment
- (iii) Money lending and property development
- (iv) Investment holdings
- (v) Other segments

The Group's Chief Executive Officer assesses the performance of the operating segments based on operating profit or loss which is measured in accordance with operating segment which are disclosed in the consolidated financial statements.

Group financing (including finance costs) is managed and allocated to operating segments while income tax is managed at group level.

Inter-segment income and expenses are eliminated to arrive at group profit before taxation.

In the previous financial year, the Group disposed of a subsidiary which has been managing the unit trust management operations. Thus, the segmental results presented for the unit trust management for the previous financial year was only up to the effective date of disposal, being 9 months ended 30 September 2015.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS

	Stock and Futures Broking RM'000	Building Management and Property Investment RM'000	Money Lending and Property Development RM'000	Investment Holdings RM'000	Others RM'000	Total RM'000
<b>2015</b>						
<b>Revenue</b>						
External revenue	39,998	1,012	3,709	1,156	42	45,917
Inter-segment revenue	-	1,379	-	8,924	-	10,303
	39,998	2,391	3,709	10,080	42	56,220
Adjustments and eliminations						(10,303)
Consolidated revenue						45,917
<b>Results</b>						
Segment results	13,674	657	3,334	351	38	18,054
Interest income	1	5	1,054	-	-	1,060
Depreciation of property, plant and equipment	(915)	(360)	-	-	-	(1,275)
Depreciation of investment properties	-	(3)	-	-	-	(3)
Impairment losses on receivables written back	145	-	4,347	-	-	4,492
Interest expense	(16)	-	-	-	-	(16)
Profit before taxation after eliminations	12,889	299	8,735	351	38	22,312
Share of loss of an associate						(185)
						22,127
Income tax expense						(3,709)
Consolidated profit after taxation						18,418



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

	Stock and Futures Broking RM'000	Building Management and Property Investment RM'000	Money Lending and Property Development RM'000	Investment Holdings RM'000	Others RM'000	Group RM'000
<b>2015</b>						
<b>Assets</b>						
Segment assets	236,521	41,573	64,779	238,698	1,947	583,518
Elimination/ adjustments	(10)	-	-	(235,943)	(1,690)	(237,643)
Consolidated total assets	236,511	41,573	64,779	2,755	257	345,875
<b>Liabilities</b>						
Segment liabilities	68,534	30,715	289	1,876	20	101,434
Deferred tax liability	269	-	-	-	-	269
Elimination/ adjustments	(9,288)	(30,434)	-	(1,690)	(10)	(41,422)
Consolidated total liabilities	59,515	281	289	186	10	60,281
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments:						
- property, plant and equipment						
/investment properties	1,050	4,332	-	-	-	5,382

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

	Stock and Futures Broking RM'000	Building Management and Property Investment RM'000	Unit Trust Management RM'000	Money Lending and Property Development RM'000	Investment Holdings RM'000	Others RM'000	Group RM'000
<b>2014</b>							
<b>Revenue</b>							
External revenue	52,926	893	6,357	11,955	52	20	72,203
Inter-segment revenue	-	1,379	-	-	9,072	-	10,451
	52,926	2,272	6,357	11,955	9,124	20	82,654
Adjustments and eliminations							(10,451)
Consolidated revenue							72,203
<b>Results</b>							
Segment results	21,869	(609)	2,362	5,679	6,681	20	36,002
Interest income	24	5	201	130	-	-	360
Depreciation of property, plant and equipment	(915)	(365)	(160)	-	-	-	(1,440)
Depreciation of investment properties	-	(3)	-	-	-	-	(3)
Impairment losses on receivables	(122)	-	-	-	-	-	(122)
Interest expense	(93)	(69)	-	-	-	-	(162)
Profit/(Loss) before taxation after eliminations	20,763	(1,041)	2,403	5,809	6,681	20	34,635
Share of profit of an associate							98
							34,733
Income tax expense							(5,897)
Consolidated profit after taxation							28,836

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

	Stock and Futures Broking RM'000	Building Management and Property Investment RM'000	Unit Trust Management RM'000	Money Lending and Property Development RM'000	Investment Holdings RM'000	Others RM'000	Group RM'000
<b>2014</b>							
<b>Assets</b>							
Segment assets	227,660	37,584	-	56,808	247,884	1,961	571,897
Elimination/ adjustments	(10)	-	-	-	(243,318)	(1,760)	(245,088)
Consolidated total assets	227,650	37,584	-	56,808	4,566	201	326,809
<b>Liabilities</b>							
Segment liabilities	60,059	27,613	-	743	1,845	22	90,282
Deferred tax liability	180	-	-	-	-	-	180
Elimination/ adjustments	(26,469)	(27,158)	-	-	(1,760)	(10)	(55,397)
Consolidated total liabilities	33,770	455	-	743	85	12	35,065
<b>Other segment items</b>							
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	300	113	30	-	-	-	443

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 37. OPERATING SEGMENTS (CONT'D)

### GEOGRAPHICAL INFORMATION

An analysis by geographical segment is not presented as the Group operates primarily in Malaysia.

### MAJOR CUSTOMERS

There is no major customer with revenue equal to or more than 10% of Group's revenue.

## 38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (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.

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. 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's exposure to foreign currency risk is limited as its foreign currency balances at the end of the reporting period are not significant.

#### Foreign currency risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (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 interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 38.1 (c) to the financial statements.

##### Interest rate risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

##### Equity price risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other 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 quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

A major subsidiary which is acting as a stockbroker adheres strictly to the BMSB's guidelines on accounting for receivables. This enables the subsidiary to monitor its client account positions continuously to minimise any potential exposure to credit risk.

#### Exposure to credit risk

The maximum exposure to credit risk is as follows:-

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>123,282</b>	125,329
Less: Collateral held	<b>(74,655)</b>	(100,131)
Net exposure to credit risk	<b>48,627</b>	25,198

#### Ageing analysis

The ageing analysis of the Group's loan and trade receivables as at reporting period as follows:-

<b>The Group</b>	<b>Gross Amount RM'000</b>	<b>Individual Impairment RM'000</b>	<b>Collective Impairment RM'000</b>	<b>Carrying Value RM'000</b>
<b>2015</b>				
Not past due	<b>121,928</b>	-	-	<b>121,928</b>
Past due:				
- above 4 days	<b>19,345</b>	<b>(17,991)</b>	-	<b>1,354</b>
	<b>141,273</b>	<b>(17,991)</b>	-	<b>123,282</b>
<b>2014</b>				
Not past due	123,112	-	-	123,112
Past due:				
- above 4 days	32,200	(29,983)	-	2,217
	155,312	(29,983)	-	125,329

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

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

*Loan receivables and trade receivables that are past due but not impaired*

This relates to amount owing by clients who have maintain good collection track record and no recent history of default as well as amounts owing by clients which are secured by the collateral held.

*Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are clients within the stock and futures broking segment. These clients would settle their trades by end of T + 3 and have been transacting with the Group. The Group uses credit position of the receivables to monitor their credit regularly. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

As of 31 December 2015, amounts owing by clients totalling RM1,492,530 (2014: RM1,074,348) represented outstanding contracts with T + 3 trade positions that have not yet been settled by the clients and will be subject to force selling on T + 4 if the trades are not settled by 12.30 p.m. on that day.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
<b>2015</b>					
Trade payables	-	43,814	43,814	43,814	-
Other payables, deposits and accruals	-	10,861	10,861	10,861	-
Bank overdrafts	8.35	4,979	4,979	4,979	-
		<b>59,654</b>	<b>59,654</b>	<b>59,654</b>	<b>-</b>
<b>2014</b>					
Trade payables	-	18,198	18,198	18,198	-
Other payables, deposits and accruals	-	11,133	11,133	11,133	-
Bank overdrafts	8.57	5,063	5,063	5,063	-
		<b>34,394</b>	<b>34,394</b>	<b>34,394</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
<b>2015</b>					
Accruals	-	28	28	28	-
Amount owing to a subsidiary	2.25	1,690	1,690	1,690	-
		<b>1,718</b>	<b>1,718</b>	<b>1,718</b>	<b>-</b>
<b>2014</b>					
Accruals	-	28	28	28	-
Amount owing to subsidiaries	2.25	1,760	1,760	1,760	-
		<b>1,788</b>	<b>1,788</b>	<b>1,788</b>	<b>-</b>

### 38.2 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 their 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 Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group and the Company at the end of the reporting period is not presented as its cash and cash equivalents exceeded their total debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with these requirements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.2 CAPITAL RISK MANAGEMENT (CONT'D)

In addition to the above, a subsidiary, JF Apex Securities Berhad, is required to comply with the BMSB guidelines on capital, to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations.

The subsidiary manages its capital based on the capital adequacy ratio. The subsidiary's strategies were unchanged from the previous financial year. The capital adequacy ratio is calculated as the subsidiary's liquid capital divided by its total risk requirement. Liquid capital represents its financial resources or liquid capital maintained in a readily realisable form to meet its total risk requirement, as calculated in accordance with Chapter 13 Rule 13.02 of BMSB. Total risk requirement means the sum of operational risk requirement, position risk requirement, counterparty risk requirement, large requirement subject always to Chapter 13 Rule 13.02 of BMSB.

The capital adequacy ratio of the subsidiary at the end of the reporting period was as follows:-

	2015 RM'000	2014 RM'000
Liquid capital	154,265	155,445
Total risk requirement	5,993	5,751
Capital adequacy ratio	25.740	27.031

The liquid capital of the subsidiary is as follows:-

	2015 RM'000	2014 RM'000
Total non-current assets	9,822	9,837
Total current assets	396,595	392,785
Less:-		
Total non-current liabilities	(238,267)	(235,033)
Total current liability	(269)	(180)
	167,881	167,409
Less:-		
Assets not ranking for liquid capital	(13,616)	(11,964)
Liquid capital	154,265	155,445

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.2 CAPITAL RISK MANAGEMENT (CONT'D)

The following table presents the components of total risk requirements of the subsidiary:-

	2015 RM'000	2014 RM'000
Operational risk requirement	5,293	5,000
Position risk requirement	621	541
Counterparty risk requirement	79	210
	<b>5,993</b>	<b>5,751</b>

### 38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Financial assets</b>				
<u>Available-for-sale financial assets</u>				
Unquoted investments	662	662	-	-
Quoted investments	-	558	-	558
	<b>662</b>	<b>1,220</b>	<b>-</b>	<b>558</b>
<u>Loans and receivables financial assets</u>				
Other asset	1,092	1,165	-	-
Trade receivables	123,282	125,329	-	-
Other receivables and deposits	1,289	8,035	5	5
Amount owing by subsidiaries	-	-	39,732	53,627
Fixed deposits with licensed banks	15,178	5,173	-	-
Cash and short-term funds	116,663	102,209	77	117
	<b>257,504</b>	<b>241,911</b>	<b>39,814</b>	<b>53,749</b>
<u>Fair value through profit and loss</u>				
Marketable securities held for trading	5,509	6,678	2,672	3,885

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Financial liability</b>				
<u>Other financial liabilities</u>				
Trade payables	43,814	18,198	-	-
Other payables, deposits and accruals	10,861	11,133	28	28
Bank overdrafts	4,979	5,063	-	-
Amount owing to subsidiaries	-	-	1,690	1,760
	<b>59,654</b>	<b>34,394</b>	<b>1,718</b>	<b>1,788</b>

### 38.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	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'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Group</b>								
<b>2015</b>								
<u>Financial Assets</u>								
Available-for-sale investments:								
- unquoted shares in Malaysia	-	-	-	-	-	-	#	662
Quoted marketable securities held for trading	5,509	-	-	-	-	-	5,509	5,509

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 FAIR VALUE INFORMATION (CONT'D)

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (Cont'd).

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2014</b>								
<u>Financial Assets</u>								
Available-for-sale investments:								
- quoted shares outside Malaysia	558	-	-	-	-	-	558	558
- unquoted shares in Malaysia	-	-	-	-	-	-	#	662
Quoted marketable securities held for trading	6,678	-	-	-	-	-	6,678	6,678

# The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

The fair values of level 1 above are measured 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 FAIR VALUE INFORMATION (CONT'D)

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows of a bankers' acceptance rate of a referred bank at 2.25% (2014: between 2% and 2.25%). The discount rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

The Company	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'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2015</b>								
<u>Financial Assets</u>								
Quoted marketable securities held for trading	2,672	-	-	-	-	-	2,672	2,672
<b>2014</b>								
<u>Financial Assets</u>								
Available-for-sale investments:								
- quoted shares outside Malaysia	558	-	-	-	-	-	558	558
Amount owing by subsidiaries	-	25,701	-	-	-	-	25,701	25,701
Quoted marketable securities held for trading	3,885	-	-	-	-	-	3,885	3,885

The fair values of level 1 above are measured 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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2015

## 39. COMPARATIVE FIGURES

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

	The Group	
	As Restated RM'000	As Previously Reported RM'000
<hr/>		
Consolidated Statement of Financial Position (Extract):-		
Fixed deposits with licensed banks	5,173	13,228
Cash and short-term funds	102,209	94,154
	<hr/>	<hr/>

# SUPPLEMENTARY INFORMATION

## DISCLOSURE OF REALISED AND UNREALISED (LOSS)/PROFITS

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits:				
- realised	<b>96,154</b>	94,709	<b>21,501</b>	29,833
- unrealised profit	<b>562</b>	1,286	<b>831</b>	1,466
	<b>96,716</b>	95,995	<b>22,332</b>	31,299
Less: Consolidation adjustments	<b>(25,611)</b>	(18,991)	-	-
At 31 December	<b>71,105</b>	77,004	<b>22,332</b>	31,299

# SHAREHOLDERS' ANALYSIS REPORT

As At 31 March 2016

<b>Authorised capital</b>	:	RM500,000,000
<b>Issued and Fully Paid up capital</b>	:	RM213,563,324 (including 10,918,118 treasury shares)
<b>Class of shares</b>	:	Ordinary share of RM1.00 each
<b>Voting rights:</b>		
<b>On show of hands</b>		One vote
<b>On a poll</b>		One vote

## SHAREHOLDERS BY SIZE OF HOLDINGS

SIZE OF HOLDING	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	694	19.80	26,067	0.01
100-1000	159	4.54	78,746	0.04
1001-10,000	2,190	62.48	6,720,703	3.15
10,001-100,000	407	11.61	10,240,175	4.79
100,001-Less than 5% of Issued shares	50	1.43	97,286,154	45.55
5% and above of issued shares	5	0.14	99,211,479	46.46
Total	3,505	100	213,563,324	100

## DIRECTORS' SHAREHOLDINGS

NAME	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
Chan Guan Seng	17,817,831	8.79	23,235,276 (i)	11.47
Y.Bhg. Dato' Azizan bin Abd Rahman	8,256,974	4.08	-	-
Leow Yan Seong @ Liew Pin	2,040	0.00	-	-
Y.Bhg Dato' Vijaya Kumar A/L T.Chornalingam	-	-	-	-
Lee Cheow Fui	-	-	-	-

### Note:

- (i) Deemed interest by virtue of his interest in Permanent Mutual Holdings Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

# SHAREHOLDERS' ANALYSIS REPORT (CONT'D)

As At 31 March 2016

## SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
Fun Sheung Development Limited	31,966,914	15.77	-	-
Permanent Mutual Holdings Sdn. Bhd.	23,235,276	11.47	-	-
Chan Guan Seng	17,817,831	8.79	23,235,276 (i)	11.47
Endau Suria Sdn. Bhd.	15,273,340	7.54	-	-

### Note:

- (i) Deemed interest by virtue of his interest in Permanent Mutual Holdings Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.

## TOP THIRTY LARGEST SHAREHOLDERS

NAME	NO. OF SHARES	% OF SHARES
Fun Sheung Development Limited	31,966,914	14.97
Permanent Mutual Holdings Sdn Bhd	23,235,276	10.88
Chan Guan Seng	17,817,831	8.34
Endau Suria Sdn Bhd	15,273,340	7.15
Apex Equity Holdings Berhad (Share Buy Back Account)	10,918,118	5.11
Yenson Investments Limited	10,495,800	4.91
Concrete Parade Sdn Bhd	10,000,000	4.68
CWK Holdings Sdn Bhd	9,945,680	4.66
Pinerains Sdn Bhd	8,898,480	4.17
Joymap Bridge Sdn Bhd	7,579,700	3.55
Cergas Megah (M) Sdn Bhd	7,549,040	3.53
Kuah Ah Eng	7,404,460	3.47
Lim Siew Kim	5,656,920	2.65
CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Azizan bin Abd Rahman (MY0531)	5,637,776	2.64
Pacific & Orient Insurance Co Berhad	4,281,400	2.00

# SHAREHOLDERS' ANALYSIS REPORT (CONT'D)

As At 31 March 2016

## TOP THIRTY LARGEST SHAREHOLDERS (CONT'D)

NAME	NO. OF SHARES	% OF SHARES
CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Azizan bin Abd Rahman (PB)	2,619,198	1.23
CCA Holdings Sdn Bhd	2,007,360	0.94
MayBank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Boon Leong	1,660,900	0.78
Chan Wan Soon	1,510,600	0.71
Chan Kean Chuan	1,087,120	0.51
Chan Eng Keong	967,980	0.45
Chan Kean Siew	926,160	0.43
MayBank Securities Nominees (Tempatan) Sdn Bhd MayBank Kim Eng Securities Pte Ltd for Chan Teik Huat	822,120	0.39
Chan Kean Chai	821,100	0.38
Chan Eng Kong	669,280	0.31
Yeo Boon Leong	484,000	0.23
Ong Bee Lian	472,500	0.22
Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay (470156)	471,024	0.22
Tee Jin Gee Enterprise Sdn Bhd	453,340	0.21
Wong Shak On	400,000	0.19
<b>Total</b>	<b>192,033,417</b>	<b>89.92</b>

# LIST OF PROPERTIES

As At 31 December 2015

The Group's Properties owned by Monopoly Enterprises Sdn Bhd and AEH Capital Sdn Bhd, details of which are set out below :-

Location	Description of property held	Title No.	Approx. Age (Years)	Tenure	Land Area (Sq.Ft.)	Usage	Net Book Value	Date of acquisition of property
Mukim of Kajang Hulu Langat	Office Building	EMR 8560 Lot 7382	14	Freehold	51,008	Office Building	13,415,050	1/9/94
Mukim of Sepang Kuala Langat	Vacant Land Lot 429	C.T.12098	-	Freehold	4,361,446	Investment Property	12,709,330	20/7/95
Mukim of Klang	Vacant	H.S (D) 41810 P.T 9324	-	Freehold	82,896	Land Held for Development	10,300,000	5/9/03
Mukim of Ulu Yam Hulu Selangor	Vacant Land	Geran No. 6636 Lot 1677	-	Freehold	4,312,441	Investment Property	9,986,339	13/12/96
Mukim of Klang	Vacant	H.S (D) 41813 P.T 9328	-	Freehold	75,610	Land Held for Development	9,000,000	5/9/03
Mukim of Klang	Vacant	H.S (D) 41811 P.T 9325	-	Freehold	72,623	Land Held for Development	8,700,000	5/9/03
Mukim of Beaufort	Vacant	PL 176194880	109	Leasehold Expiry: 2905	14,374,949	Investment Property	4,331,838	9/12/15
Mukim of Klang	Vacant	H.S (D) 41816 P.T 9331	-	Freehold	26,302	Land Held for Development	2,500,000	5/9/03
APT 28/A(C)/(L) Hartaya Bay Resort Mukim Kijal	Apartment Unit	H S (D) 2302 P.T 2865	15	Leasehold Expiry: 2095	1,206	For Staff Use	221,034	30/8/96
Parcel No. D7 Building D Bukit Mewah Kajang	Apartment Unit	-	20	Freehold	1,059	Occupied By Staff	106,792	16/5/94
Parcel No. E7 Building E Bukit Mewah Kajang	Apartment Unit	-	20	Freehold	1,067	Occupied By staff	106,792	16/5/94

CDS Account No.	No. of shares held

/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 [Full name in block, NRIC No./Company No. and telephone number]

of \_\_\_\_\_

\_\_\_\_\_  
 [Address]

being a member/members of Apex Equity Holdings Berhad, hereby appoint:

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held at Conference Room, 10th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang on Wednesday, 25 May 2016 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	FOR	AGAINST
1.	Declaration of Single Tier Final Dividend of 5 sen per share	Resolution 1		
2.	Re-election of Mr. Lee Cheow Fui as Director	Resolution 2		
3.	Re-election of Y.Bhg. Dato' Vijaya A/L T.Chornalingam as Director	Resolution 3		
4.	Re-appointment of Messrs Crowe Horwath as the Auditors of the Company	Resolution 4		
5.	Payment of Directors' fees for the financial year ended 31 December 2015	Resolution 5		
6.	Authority to allot shares	Resolution 6		
7.	Proposed Renewal of Authority for Share Buy-Back	Resolution 7		
8.	Retention of Y.Bhg. Dato' Azizan bin Abd Rahman as Independent Non-Executive Director	Resolution 8		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
 Signature of Shareholder/Common Seal

**Notes:-**

- For purpose of determining who shall be entitled to attend this meeting in accordance with Article 68(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2016 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the meeting in person to vote. The instrument appointing the proxy shall be in writing. If the appointor is a corporation the proxy appointed must be in accordance with the Memorandum and Articles of Association of the corporation, and the instrument appointing a proxy shall be given under the corporation's common seal or under the hand of an officer or attorney of the corporation duly authorised in that behalf.
- Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of he said securities account.
- Where a member is an exempt authorised nominee ("EAN"), as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- All forms of proxy must be deposited at the Company's Registered Office at 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah, 43000 Kajang, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- Any alteration in this form must be properly signed by the member.



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STAMP

**The Company Secretary**

**APEX EQUITY HOLDINGS BERHAD** (208232-A)

6<sup>th</sup> Floor, Menara Apex,  
Off Jalan Semenyih,  
Bukit Mewah, 43000 Kajang,  
Selangor Darul Ehsan

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

[www.apextrade.com](http://www.apextrade.com)

**APEX EQUITY HOLDINGS BERHAD**

(208232-A)

6TH FLOOR, MENARA APEX,  
OFF JALAN SEMENYIH,  
BUKIT MEWAH,  
43000 KAJANG,  
SELANGOR DARUL EHSAN

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