

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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ABLEGROUP BERHAD
(Company No. 654188-H)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**

The Notice of the Twelfth Annual General Meeting ("AGM") of ABLEGROUP BERHAD ("the Company") to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 27 May 2016 at 3.30 pm or at any adjournment thereof, together with the Form of Proxy are set out in the Annual Report 2015. A shareholder entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his behalf. Shareholders are advised to refer to the Notice of the AGM and the Form of Proxy that are enclosed with the Annual Report 2015.

The Form of Proxy should be lodged at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not later than forty-eight (48) hours before the time stipulated for holding the AGM. The lodging of the Form of Proxy does not preclude you from attending, speaking and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy is 25 May 2016 at 3.30 pm

This Circular is dated 29 April 2016

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

“AbleGroup” or “the Company”	:	AbleGroup Berhad
“AbleGroup Group” or “the Group”	:	AbleGroup and its subsidiary companies
“Act”	:	Malaysian Companies Act, 1965 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“ATLAS”	:	Atlas Rhythm Sdn Bhd (977239-W)
“Board”	:	The Board of Directors for the time being of AbleGroup
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad (635998-W)
“CMSA”	:	Capital Markets and Services Act 2007 and any amendments made thereto from time to time
“Director”	:	The Directors for the time being of AbleGroup and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of AbleGroup or any other company which is its subsidiary or holding company or a chief executive officer of AbleGroup, its subsidiary or holding company
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is :- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act.

It also includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of AbleGroup or any other company which is its subsidiary or holding company.

DEFINITIONS (CONT'D)

“MTN”	:	Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi (6220499308), a company incorporated under the laws of the Republic of Turkey
“Person Connected”	:	In relation to a Director or a Major Shareholder, means a person who is: <ul style="list-style-type: none">i. a family member of the Director or Major Shareholder;ii. a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;iii. a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;vi. a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;vii. a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;viii. a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; orix. a body corporate which is a related corporation
“Proposed Renewal of RRPT Mandate”	:	Proposed renewal of the existing shareholders’ mandate for AbleGroup and its subsidiary companies to enter into RRPT
“Recurrent Related Party Transactions” or “RRPT”	:	Recurrent related party transactions of a revenue and/or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the AbleGroup Group involving the interest, direct or indirect, of the Related Party(ies)
“Related Party(ies)”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder
“RM”	:	Ringgit Malaysia
“SBG”	:	Syarikat Bukit Granite Sdn Bhd (326697-D)

TABLE OF CONTENTS

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF ABLEGROUP CONTAINING:

	PAGE
1 INTRODUCTION	1
2 DETAILS OF THE PROPOSED RENEWAL OF RRPT MANDATE	2
2.1 VALIDITY OF THE PROPOSED RENEWAL OF RRPT MANDATE	2
2.2 PRINCIPAL ACTIVITIES OF ABLEGROUP GROUP	3
2.3 CLASS OF RELATED PARTIES	3
2.4 NATURE OF RECURRENT RELATED PARTY TRANSACTIONS AND ESTIMATED VALUE	3
2.5 RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF RRPT MANDATE	4
2.6 GUIDELINE AND REVIEW PROCEDURES FOR THE RRPT	5
2.7 AUDIT COMMITTEE STATEMENT	6
2.8 DISCLOSURE IN ANNUAL REPORT	6
3 APPROVALS REQUIRED	7
4 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF RRPT MANDATE	7
5 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	7
6 DIRECTORS' RECOMMENDATION	7
7 ANNUAL GENERAL MEETING	8
8 FURTHER INFORMATION	8
APPENDIX I – FURTHER INFORMATION	9



ABLEGROUP BERHAD
(Company No. 654188-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Date: 29 April 2016

Board of Directors

Yeoh Chong Keat (*Chairman, Independent Non-Executive Director*)
Wong Heang Fine (*Deputy Chairman, Independent Non-Executive Director*)
Dato' Lim Kim Huat (*Managing Director*)
Loi Heng Sewn (*Non-Independent Non-Executive Director*)
Cheong Marn Seng (*Independent Non-Executive Director*)

To: The Shareholders of AbleGroup Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1 INTRODUCTION

The Company had on its Eleventh AGM held on 12 June 2015 obtained shareholders' mandate for the Company and its subsidiaries to enter into RRPT. The authority conferred by the shareholders' mandate shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

On 8 April 2016, the Company announced to Bursa Securities that it is proposing to seek the approval of shareholders at the forthcoming AGM of the Company for the Proposed Renewal of RRPT Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of RRPT Mandate, to set out the view of your Board and to seek your approval on the ordinary resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM.

You are advised to read this circular before voting on the ordinary resolution to give effect to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM.

2 DETAILS OF THE PROPOSED RENEWAL OF RRPT MANDATE

The Company proposes to seek shareholders' approval for the Proposed Renewal of RRPT Mandate which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made available to the public.

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed company may seek a mandate from its shareholders in respect of RRPT subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the listed issuer's circular to shareholders in relation to the shareholders' mandate shall include the information set out in Annexure PN12-A of Practice Note 12 of the Listing Requirements; and
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transactions entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.1 Validity of the Proposed Renewal of RRPT Mandate

The Proposed Renewal of RRPT Mandate, if approved by the shareholders at the forthcoming AGM, will be subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of RRPT Mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.2 Principal Activities of AbleGroup Group

The principal activities of AbleGroup is investment holding. The subsidiary companies and their principal activities are as follows:-

Subsidiaries	Equity interest (%)	Principal activities
ATLAS	100	Property Development
MTN	100	Ceased operations
SBG	100	Processing, trading, exporting and contract workmanship of high quality marble and granite slabs

2.3 Class of Related Party

The Proposed Renewal of RRPT Mandate will apply to transactions with the following class of Related Party:-

Related Party	Principal activities	Relationship
GPL Group Sdn Bhd ("GPL")	Leisure and entertainment	Dato' Lim Kim Huat, a Director and Major Shareholder of AbleGroup, is a Director and shareholder of GPL.

2.4 Nature of Recurrent Related Party Transactions and Estimated Value

It is anticipated that the Group would, in the normal course of business, enter into transactions with the class of related party which are disclosed in Section 2.3 above. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

In view of time sensitivity, frequency and nature of such recurrent related party transactions, the Board of Directors is seeking shareholders' mandate which would allow the Group, in their normal course of business, to enter into recurrent related party transactions of a revenue or trading nature with the class of related party set out in Section 2.3 above, provided such transactions are made at arm's length and on normal commercial terms and are on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders. Such recurrent related party transactions will be subject to the review procedures as set out in Section 2.6 herein.

The Proposed Renewal of RRPT Mandate will apply to the RRPT to be entered into by AbleGroup Group with the following Related Party, the details of which are as follows:

Related Party	Nature of Transactions	Interested Director and/or Major Shareholder	Estimated value of transaction from 27 May 2016 to the next AGM (RM'000) *	Estimated value as disclosed in the Circular to Shareholders dated 20 May 2015 (RM'000)	Actual value transacted from 12 June 2015 up to 01 April 2016 (RM'000)^
GPL	Sale of stones and provision of contract workmanship and other related services by SBG to GPL	Dato' Lim Kim Huat	2,000	2,000	698

Notes:

* *The estimated values set out above are based on management estimates. Due to the nature of the transactions where the values of the future contracts and future works would not be known at this point of time, the actual values of the transactions may vary from the estimated values disclosed above. Disclosures will be made in the Annual Report of the Company for financial year 2016 of the actual breakdown of the aggregate value of transactions made during the financial year.*

^ *The actual value transacted from 12 June 2015 up to 01 April 2016, did not exceed the estimated value as disclosed in the Circular to Shareholders dated 20 May 2015 by 10% or more.*

As at 31 December 2015, there were no amounts due and owing by the Related Party to the Group pursuant to the RRPT which has exceeded the credit terms granted.

2.5 Rationale and Benefits of the Proposed Renewal of RRPT Mandate

The Proposed Renewal of RRPT Mandate will benefit the Group by facilitating the Group to enter into transactions described in Section 2.4 with the Related Party specified in Section 2.3 in the ordinary course of the Group's business on normal commercial terms and in a timely manner. The Proposed Renewal of RRPT Mandate will also eliminate the need for the Company to announce and/or convene separate general meetings to seek shareholders' approval prior to entering into such transactions with the Related Party. This would thereby reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the AbleGroup Group.

2.6 Guideline and Review procedures for the RRPT

To ensure that the RRPT are undertaken on the Group's normal commercial terms, and to supplement the existing internal control procedures of the Group, the Audit Committee of the Board will be tasked with the review and approval of such transactions.

The following guidelines apply to the review and approval of RRPT to ensure that the terms of the RRPT are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party(ies) than those generally available to the public; are not detrimental to minority shareholders and are in the best interest of the Group:-

- (a) Any tender, quotation or contract received from or proposed to be entered into with Related Party(ies) will not be approved unless:-
- the Group's pricing for the stones and contract workmanship to be supplied or provided is negotiated between the Group and the Related Party(ies) based on prevailing market prices for the stones and is consistent with the prices as agreed with unrelated third parties;
 - the terms are not more favourable to the Related Party(ies) than those extended to unrelated third parties and available to the public and the RRPT are not detrimental to minority shareholders;
 - the transactions are provided after taking into account factors such as pricing, quantity, delivery schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk purchases, and the terms offered are fair and reasonable and in the Group's commercial interests;
 - at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.
 - in the event that quotation or comparative pricing from unrelated parties cannot be obtained, the Group's pricing for the RRPT will be determined in accordance with the Group's usual business practices and policies, consistent with usual margin of the Group for the same or substantially similar type of transactions made by the Group with unrelated third parties; and
 - the thresholds for approvals of RRPT within the Group are as follows:-
 - (i) Where the RRPT is one with a value below RM500,000, it will be reviewed and approved by any two Directors of the Company who has no interest in the transaction.
 - (ii) Where the RRPT is one with a value equal to or in excess of RM500,000, it will be reviewed by the Audit Committee who has no interest in the transaction and approved by the Board of Directors.
- (b) Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers.

- (c) In addition to the guidelines set out above, the Audit Committee will also undertake the following reviews:-
- (i) the Audit Committee will review from time to time, status reports on contracted works being performed by the AbleGroup Group which are RRPT to ascertain the progress of the works;
 - (ii) the Audit Committee will carry out an annual review to ascertain that the established guidelines and procedures mentioned above for RRPT have been complied with; and
 - (iii) the Audit Committee will consider from time to time whether the established guidelines and procedures mentioned above for RRPT have become inappropriate, and/or are unable to ensure that the transactions will be on normal commercial terms, and/or will prejudice the interests of minority shareholders.
 - (iv) Upon Audit Committee review of subparagraphs (i) to (iii) above, the same will be recommended to the Board for approval.
- (d) The Company will also maintain a record of RRPT carried out pursuant to the Proposed Renewal of RRPT Mandate. The Company's internal audit function will conduct periodic review of RRPT to ascertain that the relevant approvals have been obtained and the guidelines and review procedures in respect of such RRPT are adhered to.

2.7 Audit Committee Statement

The Audit Committee of AbleGroup has reviewed the procedures mentioned in Section 2.6 above and is of the view that:-

- (a) the said procedures are sufficient to ensure that the RRPT are conducted at arm's length and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner; and
- (c) the Audit Committee will review these procedures and processes on a yearly basis or whenever the need arises with the authority to sub-delegate such function to individuals or committees within the AbleGroup Group as it deems appropriate;

and the same has been reviewed and approved by the Board of Directors of AbleGroup.

2.8 Disclosure in Annual Report

Disclosure has been made in the Annual Report 2015 of the Company of the aggregate value of RRPT pursuant to the previous shareholders' mandate obtained during the financial year ended 31 December 2015. Similar disclosure will be made in the Annual Report for the subsequent financial year during which the Proposed Renewal of RRPT Mandate are in force, providing amongst others, the following information:-

- (a) the types of RRPT made; and
- (b) the names of the Related Parties involved in each type of the RRPT made and their relationship with the Company.

3 APPROVALS REQUIRED

The Proposed Renewal of RRPT Mandate is subject to the approval of shareholders of AbleGroup at the forthcoming AGM.

4 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF RRPT MANDATE

The Proposed Renewal of RRPT Mandate will not have any effects on the issued and paid-up capital of AbleGroup and it will not have any financial effects on the consolidated earnings and net assets of the AbleGroup Group.

5 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors, Major Shareholder nor any persons connected to them, has any interest, direct or indirect, in the Proposed Renewal of RRPT Mandate.

The direct and indirect shareholdings of the interested Director, Major Shareholder and persons connected to him in AbleGroup as at 01 April 2016 are as follows:-

Name of Interested Director and Major Shareholder	No. of Shares			
	Direct	%	Indirect	%
Dato' Lim Kim Huat	87,750,000	33.25	-	-

Dato' Lim Kim Huat, being the Interested Director and Major Shareholder, has abstained and will continue to abstain from all board deliberations and voting in relation to the Proposed Renewal of RRPT Mandate.

In addition, Dato' Lim Kim Huat will also abstain from voting in respect of his direct and/or indirect interests and has also undertaken that he will ensure that persons connected to him abstain from voting on the resolution deliberating or approving the Proposed Renewal of RRPT Mandate, in respect of their direct and/or indirect interests, at the forthcoming AGM.

6 DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposed Renewal of RRPT Mandate, the Directors (save for Dato' Lim Kim Huat being the Interested Director and Major Shareholder stated in Section 5 above who has abstained and will continue to abstain from making recommendations on the Proposed Renewal of RRPT Mandate) are of the opinion that the Proposed Renewal of RRPT Mandate are in the best interest of AbleGroup and accordingly they recommend that you vote in favour of the relevant ordinary resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM.

7 ANNUAL GENERAL MEETING

The AGM of the Company, the notice of which is set out in the Annual Report 2015, will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Friday, 27 May 2016 at 3:30 pm or at any adjournment thereof, for the purpose of considering and if thought fit, passing the ordinary resolution on the Proposed Renewal of RRPT Mandate as set out in the said Notice of AGM.

If you are unable to attend the AGM in person, please complete the enclosed Form of Proxy and forward it to the Company's Registered Office at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for convening the AGM.

The completion and return of the Form of Proxy will not preclude you from attending, speaking and voting at the AGM in person should you subsequently wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

8 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
ABLEGROUP BERHAD

YEOH CHONG KEAT
Independent Non-Executive Chairman

APPENDIX I - FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of AbleGroup and they collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiary companies has entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular.

3. MATERIAL LITIGATIONS

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and the Directors are not aware of any proceedings, pending or threatened, against the Company and its subsidiaries or of any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company and its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are made available for inspection at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the Twelveth AGM:-

- (a) the Memorandum and Articles of Association of AbleGroup; and
- (b) the audited consolidated financial statements of AbleGroup for the financial years ended 31 December 2014 and 31 December 2015.