

Statement on Corporate Governance

The Board of Directors (“Board” or “Directors”) fully subscribes to the recommendations of the Malaysian Code on Corporate Governance 2012 (“the Code”) and is committed in ensuring that the Company and its subsidiaries (“the Group”) practise the highest standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value and the financial performance of the Group.

This statement describes the manner in which the Group has applied the Code’s Principles and the extent of compliance with the recommendations advocated therein.

1. Establish clear roles and responsibilities

1.1 Clear functions of the Board and Management

The Board’s role is to lead, control and provide stewardship of the Group’s business and affairs on behalf of shareholders. The matters reserved for the collective decision of the Board are listed in Schedule 6 of the Board Charter which is available on the corporate website – www.asb.com.my.

Beyond the matters reserved for the Board’s decision, the Board delegates specific powers to the Board Committees, Group Executive Chairman and Group Managing Director to implement the Board’s decision and policies. Day-to-day management of subsidiaries is headed by their respective Chief Executive Officers.

1.2 Clear roles and responsibilities

The respective roles and responsibilities of the Board, Board Committees and Management have been clearly defined in the Board Charter. The Board has discharged its responsibilities in the best interests of the Company in pursuit of an integrated regulatory and commercial objective. The following are among the key responsibilities of the Board:

- Approving the Group’s strategic plans, key operational initiatives, major investments and divestments and funding requirements;
- Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Group to shareholders;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage them;
- Overseeing the conduct of the Group’s business;

1. Establish clear roles and responsibilities (continued)

1.2 Clear roles and responsibilities (continued)

- Overseeing the processes of risk management, financial reporting and compliance;
- Providing guidance in the overall management of the business and affairs of the Group; and
- Reviewing the adequacy and integrity of management information and internal control system of the Group.

In addition, there is a schedule of matters reserved specifically for the Board's decision which include the annual budget and business plans, recommendation of dividends, financial results, changes in board composition, major acquisition or disposal of assets or investments and corporate issues.

The Board has established four (4) committees: an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Management Committee which are entrusted with specific responsibilities, with authority to act on behalf of the Board pursuant to their respective Terms of Reference ("TOR"). At each Board meeting, the minutes of previous Board Committee meetings are presented to the Board. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated and recommendations of the respective Committee meetings. The ultimate responsibility for decisions on all matters, however, lies with the Board.

The management carries out and executes the day-to-day business and operational matters to ensure the achievement of the business plan adopted by the Board and such other corporate objectives as may be delegated by the Board to the management.

1.3 Formalised ethical standards through Code of Conduct

The Company's Code of Conduct for Directors and employees continue to govern the standards of ethics and good conduct expected of Directors and employees. A summary of the Code of Conduct is available on the corporate website. The Company has yet to establish a whistleblower policy as such policy may not be necessary at the moment, after taking into consideration the current internal controls, work culture and the "open-door" concept adopted by the Company.

1.4 Strategies promoting sustainability

The Board promotes strategies which can deliver sustainable development in environmental, social and governance aspects of the Group's business.

1. Establish clear roles and responsibilities (continued)

1.5 Board meetings and access to information and advice

During the financial year ended 31 December 2015, four (4) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's corporate developments, financial results, investments and reports on risk management and internal audits of the Group. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of attendance of each Director at Board Meetings held during the financial year are as follows:

Name of Directors	No. of Meetings Attended
Dato' Ahmad Sebi Bakar	4 / 4
Lee Su Nie	4 / 4
Puan Sri Datin Masri Khaw binti Abdullah	4 / 4
Aryati Sasya Dato' Ahmad Sebi	4 / 4
Yong Teck Ming	4 / 4
Dato' Ahmad Ghiti bin Mohd Daud	4 / 4
Ir. Al'Azmy bin Ahmad	4 / 4

Subsequent to effecting the resignation of Ir. Al'Azmy bin Ahmad on 24 February 2016, Mr Rali bin Mohd Nor was appointed in place thereof on 10 March 2016.

Each Director has unrestricted access to senior management, all information within the Company and is entitled to the advice and services of the Company Secretary whose appointment and removal is reviewed and approved by the Board. The Directors whether as full Board or in their individual capacity, may in furtherance of their duties, seek independent professional advice at the Company's expense, if required.

Prior to Board meetings, the Agenda for each meeting together with reports and papers containing information relevant to the business of the meetings (including information on major financial, operational and corporate matters as well as activities and performance of the Group and minutes of Committees of the Board and Board meetings) are circulated to the Board members to provide time for the Board members to read and deliberate the issues. During Board meetings, management provides further details on each issue raised for discussion or as supplementary information.

1. Establish clear roles and responsibilities (continued)

1.6 Qualified and competent Company Secretary

The existing qualified Company Secretary, who is a member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), has been appointed by the Board since 2003 to play a supportive role to the Board and facilitate overall compliance with the relevant regulatory requirements, codes or guidance and legislations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded;
- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time; and
- Supporting the Board in ensuring adherence to Board policies and procedures from time to time.

1.7 Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, processes and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. More information on the Board Charter can be found on the Company's website at www.asb.com.my within a dedicated Corporate Governance section.

The Board Charter will be reviewed periodically to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter was last reviewed by the Board on 25 November 2015.

2. Strengthen composition

2.1 Nomination Committee

The Nomination Committee consists of three (3) Non-Executive Directors. Members of the Nomination Committee during the financial year ended 31 December 2015 are:

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| • Dato' Ahmad Ghiti bin Mohd Daud | <i>(Chairman, Independent Non-Executive Director)</i> |
| • Puan Sri Datin Masri Khaw binti Abdullah | <i>(Member, Non-Independent Non-Executive Director)</i> |
| • Ir. Al'Azmy bin Ahmad
<i>(resigned on 24 February 2016)</i> | <i>(Member, Independent Non-Executive Director)</i> |

2. Strengthen composition (continued)

2.1 Nomination Committee (continued)

Effective 10 March 2016, the composition of the Nomination Committee is as follows:

- Dato' Ahmad Ghiti bin Mohd Daud *(Chairman, Independent Non-Executive Director)*
- Puan Sri Datin Masri Khaw binti Abdullah *(Member, Non-Independent Non-Executive Director)*
- Rali bin Mohd Nor *(Member, Independent Non-Executive Director)*

With the establishment of the Nomination Committee, a formal transparent procedure is in place for the appointment of new Directors to the Board whereby the Nomination Committee will recommend to the Board candidates for directorships in the Company. This procedure involves identification of candidates for directorship, evaluation of suitability of candidates, deliberation by the Nomination Committee and recommendation to the Board.

The duties and functions of the Nomination Committee include the following:

- (a) Recommend to the Board, candidates for directorships. In making its recommendations, the Committee should consider the candidates':
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Committee shall consider, in making its recommendations, candidates for directorships proposed by the Executive Directors and, within the bounds of practicability, by any other senior executive or any director or shareholder;

- (b) Recommend to the Board, directors to fill the seats on Board committees;
- (c) Review annually the Board's required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board;
- (d) Assess annually (i) the effectiveness of the Board as a whole; (ii) the committees of the Board; and (iii) the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer. The assessment process shall be pre-determined by the Board. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented;
- (e) Recommend suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new directors;

2. Strengthen composition (continued)

2.1 Nomination Committee (continued)

The duties and functions of the Nomination Committee include the following (continued):

- (f) Develop a succession planning policy and ensure that the policy is kept under review;
- (g) Examine particular issues and make the appropriate recommendations to the Board;
- (h) Assist the Board to assess the independence of all the independent directors annually;
- (i) Review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (j) Produce a report/statement for inclusion in the Company's annual report about its activities in the discharge of its duties for the financial year; and
- (k) Perform such other functions assigned by the law/authorities, the Company's bye-laws or the Board.

Recommendation 2.1 of the Code proposed that a Senior Independent Director should chair the Nomination Committee. The Chairman of our Nomination Committee is not a Senior Independent Director. The Board is of the view that it is not necessary to nominate an individual director to assume the role of a Senior Independent Director to whom concerns regarding the Company may be conveyed, as all our Independent Directors are accessible and they bring independent judgement to bear on issue of strategy, performance and standard of conduct. The Board believes that the existing Chairman of the Nomination Committee is competent to chair the Nomination Committee by virtue of his vast experience and is capable to lead the Nomination Committee in ensuring that the Board composition meets the needs of the Company.

During the financial year ended 31 December 2015, the Nomination Committee has met twice and carried out activities in accordance with its terms of reference which include among others, the following:

- (a) recommended to the Board on the re-election of directors who retire by rotation at the forthcoming Annual General Meeting ("AGM") of the Company in accordance with the Company's Articles of Association;
- (b) reviewed the Board's size and composition having regard to the independence of all the independent directors, diversity (including gender diversity), required mix of skills and experience and other qualities, including core competencies, integrity and time commitment which the directors should bring to the Board in meeting the current and future needs of the Company;

2. Strengthen composition (continued)

2.1 Nomination Committee (continued)

During the financial year ended 31 December 2015, the Nomination Committee has met twice and carried out activities in accordance with its terms of reference which include among others, the following (continued):

- (c) assessed (i) the effectiveness of the Board as a whole; (ii) the committees of the Board; and (iii) the contribution of each individual director;
- (d) reviewed the training undertaken by Directors and recommended the Directors to attend programs/ courses/seminars continuously in meeting the training needs of each director to keep abreast with the current developments in laws, regulations and business practices in order to aid them in discharging their duties; and
- (e) reviewed the terms of reference of the Committee.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Nomination Committee is responsible for making recommendations on any nomination to the Board and to Committees of the Board. The Nomination Committee considers candidates for directorship proposed by the Executive Directors and, where practicable, by any other senior executive or any director or shareholder. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities (including diversity in gender, age and ethnicity) that the proposed directors should bring to the Board and to the respective Board Committees. The final decision as to who shall be appointed is the responsibility of the full Board after considering the Nomination Committee's recommendations.

The Board, based on Nomination Committee's recommendation, evaluates and decides on the appointment of the proposed candidate(s) to replace any director who resign or retire from the Board and its Committee(s) or to be appointed as additional director(s).

The Board recognises diversity in the boardroom as critical element for efficient functioning of the Board and good governance practices. The Board also believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance. The Board has included gender diversity as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Presently, there are three (3) women Directors on the Board representing over 40% of the total number of Directors of the Company.

2. Strengthen composition (continued)

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors (continued)

In February 2016, the Nomination Committee met to consider the appointment of Mr Rali bin Mohd Nor as an Independent Non-Executive Director to enhance the roles and responsibilities of the Board, contribute to the growth of the Group and fill the vacancy in the Board, Audit Committee, Nomination Committee and Remuneration Committee left by Ir. Al'Azmy bin Ahmad who resigned on 24 February 2016 to pursue his personal interest. The Board after having considered the mix of skills, experience, qualification and other quality required to meet the Group's needs and based on recommendation of the Nomination Committee, appointed Mr Rali bin Mohd Nor as Independent Non-Executive Director and member of Audit Committee, Nomination Committee and Remuneration Committee on 10 March 2016.

The Nomination Committee will also assess annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including Independent Non-Executive Directors, as well as Executive Directors. The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors retire from office at each AGM but shall be eligible for re-election. Directors who are appointed by the Board during each financial year are subject to election by shareholders at the next AGM following their appointments. The election of Director is voted separately. The Articles of Association of the Company provide that all Directors shall submit themselves for re-election at least once every three (3) years.

2.3 Remuneration policies

(a) Remuneration policy and procedure

The remuneration for all Directors is determined at levels so as to ensure that the Company attracts and retains the right calibre of Directors needed for the successful performance of the Group. The Remuneration Committee reviews and recommends to the Board, the Company's remuneration framework as well as remuneration packages for Executive Directors to ensure that they are appropriately rewarded for their contribution to the Group. The Board as a whole determines the remuneration of Non-Executive Directors with individual director abstaining from deliberations in respect of their remuneration. The remuneration packages will be reviewed annually by the Remuneration Committee after taking into consideration various factors including fiduciary duties of the Directors, time commitment, performance of the Company and market conditions.

2. Strengthen composition (continued)

2.3 Remuneration policies (continued)

(b) Remuneration Committee

The members of the Remuneration Committee during the financial year ended 31 December 2015 are as follows:

- Dato' Ahmad Ghiti bin Mohd Daud *(Chairman, Independent Non-Executive Director)*
- Puan Sri Datin Masri Khaw binti Abdullah *(Member, Non-Independent Non-Executive Director)*
- Ir. APAzmy bin Ahmad *(Member, Independent Non-Executive Director)*
(resigned on 24 February 2016)

Effective 10 March 2016, the composition of the Remuneration Committee is as follows:

- Dato' Ahmad Ghiti bin Mohd Daud *(Chairman, Independent Non-Executive Director)*
- Puan Sri Datin Masri Khaw binti Abdullah *(Member, Non-Independent Non-Executive Director)*
- Rali bin Mohd Nor *(Member, Independent Non-Executive Director)*

The duties and functions of the Remuneration Committee include the following:

- (a) Determining and recommending to the Board, the general remuneration policy for directors and key executives;
- (b) Ensure the directors and key executives are fairly remunerated or rewarded for their contributions or individual level of responsibilities;
- (c) Communicate with shareholders on executive remuneration; and
- (d) Perform such other functions assigned by the law/authorities, the Company's bye-laws or the Board.

The terms of reference of the Remuneration Committee is reviewed by the Remuneration Committee annually and the latest version was uploaded onto the Company's website.

The Remuneration Committee shall meet at least once a year and additional meetings can be scheduled if the Chairman of the Remuneration Committee considers necessary.

2. Strengthen composition (continued)

2.3 Remuneration policies (continued)

(b) Remuneration Committee (continued)

During the financial year ended 31 December 2015, two (2) meetings were held and attended by all members of the Remuneration Committee. During these meetings, the Remuneration Committee reviewed the annual fixed fee structure which was adopted in 2002 and resolved to recommend to the Board for approval the new annual fixed fee structure for financial year ended 31 December 2015 onwards after taking into consideration the increasing responsibilities and time commitment expected from the Directors. The Directors' fees for financial year ended 31 December 2015 is proposed to increase to RM315,000 per annum from RM278,000 for the financial year ended 31 December 2014. This increase is subject to shareholders' approval at the forthcoming 92nd AGM.

(c) Remuneration package

Details of the aggregate remuneration for the Directors of the Company (including remuneration earned as Executive Directors of subsidiaries) for the financial year ended 31 December 2015 are as follows:

(a) Aggregate remuneration of Directors categorised into appropriate components:

Category of Director	Fees RM'000	Salaries & Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive	198	1,072	23	1,293
Non-Executive	416	577	-	993

(b) Range of aggregate remuneration:

Range of remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	4
450,001 - 500,000	1	-
800,001 - 850,000	1	1

3. Reinforce Independence

3.1 Annual Assessment of Independence

In line with Recommendation 3.1 of the Code, the Board, through the Nomination Committee, shall assess the independence of its independent directors annually in accordance with the criteria as prescribed by the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the independent directors are required to affirm their commitment to bring independent and objective judgement upon their appointments and annually thereafter.

During the financial year ended 31 December 2015, the Board, through the Nomination Committee, has conducted such assessment on all the independent directors and the Board is satisfied with the level of independence demonstrated by all the independent directors.

3.2 Tenure of Independent Directors

As recommended by the Code, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director.

Notwithstanding the above, the Board holds the view that a Director’s independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors, who possess detailed knowledge of the Group’s business and have proven commitment, experience and competence to effectively advise and oversee management. The Board is also of the view that the fiduciary duties of Directors as promulgated in the Act are paramount for all Directors, irrespective of their status and therefore, tenure is not the main assessment criteria for independence of directors.

3.3 Shareholders’ approval for the re-appointment of Non-Executive Director

The Nomination Committee is tasked to assess and assist the Board in recommending and providing justification for shareholders’ consideration and approval in the event an Independent Director is to remain independent after serving a cumulative term of nine (9) years.

The Board through the Nomination Committee assesses the independence of the Independent Non-Executive Directors. Each Independent Non-Executive Director has confirmed his independence to the Nomination Committee.

Based on the above assessment in 2015, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company during deliberation at meetings of the Board and Committees.

3. Reinforce Independence (continued)

3.3 Shareholders' approval for the re-appointment of Non-Executive Director (continued)

The Nomination Committee had assessed the independence of Mr Yong Teck Ming, who will be serving on the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 9 July 2016 and arising therefrom, the Board discussed and agreed with the recommendation of the Nomination Committee that in his long service to the Company, he has performed very well as an Independent Non-Executive Director. There is no reason to believe that he would not continue to act independently and to contribute to the Company based on the following justifications:

- (a) he fulfilled the Independent Director criteria under the Listing Requirements of Bursa Securities and thus is able to function as a check and balance and to bring an element of objectivity to the Board;
- (b) he is a member of the Institute of Chartered Accountants, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He has vast experience in accounting and a diverse range of business which would enable him to provide the Board with constructive opinion;
- (c) he has been with the Company for almost nine (9) years and is familiar with the Company's business operations which will enable him to contribute actively and effectively during deliberation at meetings of the Board and Board Committees;
- (d) he has exercised his objective and independent judgement on all Board deliberations;
- (e) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;
- (f) he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- (g) he has been providing invaluable contributions to the Board in his role as an Independent Non-Executive Director and Chairman of the Audit Committee and Risk Management Committee.

In view of the above, based on the recommendation of the Nomination Committee, the Board supports the resolution for the retention of Mr Yong Teck Ming as Independent Non-Executive Director of the Company, which will be tabled for shareholders' approval at the forthcoming 92nd AGM of the Company.

3. Reinforce Independence (continued)

3.4 Separation of positions of the Group Executive Chairman and Group Managing Director

The Group Executive Chairman provides leadership to the Board and the Group and ensures that the Board functions effectively, and is entrusted with the task of implementing the policies and strategies adopted by the Board. The Group Managing Director leads the management of the Company, and oversees and monitors the business and operations of the Group. A clear division of responsibility between the Group Executive Chairman and Group Managing Director exists and there is a balance of power and authority and their respective roles and responsibilities are set out in the Board Charter.

3.5 Composition of the Board

The Board currently consists of a Group Executive Chairman, a Group Managing Director and five (5) Non-Executive Directors, three (3) of whom are independent. The current Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Profiles of the Directors are set out on pages 9 to 15 of this Annual Report.

The presence of three (3) Independent Non-Executive Directors making up more than one-third ($\frac{1}{3}$) of the total number of Directors fulfils a pivotal role in ensuring that there is balance of power and authority. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully deliberated upon, and take into account the long term interests of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Together, their representations on the Board fairly reflect the investment of the minority shareholders of the Company and in addition carry sufficient weight for decision making. The Board noted the recommendation of the Code which states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Chairman of the Board, Dato' Ahmad Sebi Bakar, is not an Independent Director. Dato' Ahmad Sebi Bakar, the Group Executive Chairman, is also a major shareholder. By virtue of his significant interest in the Company, the Board believes that the Group Executive Chairman has always acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

4. Foster Commitment

4.1 Time commitment

The Group recognises that its Directors may be invited to become directors of other companies and the Directors are therefore at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board. In maintaining and monitoring the limitation on directorship as required by the Listing Requirements of Bursa Securities, the Directors upon appointment, and from time to time during their tenure, will notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board meetings. The Board is of the opinion that the provision of the Act and Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment given by the Directors to perform their duties. Each Director, moreover, is able to discern an appropriate amount of time to commit to the Company without it being formally regulated.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this is demonstrated by the attendance record of the Directors at the meetings of the Board and Board Committees for the financial year ended 31 December 2015 as set out below:

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Ahmad Sebi Bakar	4 / 4	-	-	-	-
Lee Su Nie	4 / 4	-	-	-	-
Puan Sri Datin Masri Khaw binti Abdullah	4 / 4	-	2 / 2	2 / 2	-
Aryati Sasya Dato' Ahmad Sebi	4 / 4	* 4 / 5	-	-	3 / 4
Yong Teck Ming	4 / 4	5 / 5	-	-	4 / 4
Dato' Ahmad Ghiti bin Mohd Daud	4 / 4	5 / 5	2 / 2	2 / 2	4 / 4
Ir. Al'Azmy bin Ahmad <i>(resigned on 24 February 2016)</i>	4 / 4	5 / 5	2 / 2	2 / 2	* 4 / 4

* *Attended the meetings by invitation.*

To facilitate the Directors' time planning, a planned annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM. Further, the Directors are constantly updated with the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results and annual financial results.

4. Foster Commitment (continued)

4.2 Training

All Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Securities. The Board acknowledges the importance of continuous education and training to broaden their perspectives, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment. Accordingly, the Board evaluates and determines the training needs of its members on a continuous basis pursuant to the Listing Requirements of Bursa Securities and is updated on quarterly basis on the training programmes/ courses/ seminars attended by Directors.

During the financial year ended 31 December 2015, the Nomination Committee has reviewed the following training programmes/ courses/ seminars attended by Directors and concluded that all Directors have attended programmes/ courses/ seminars to keep abreast with the current developments in laws, regulations and business practices to aid them in discharging their duties:

- In-house training: Art of War & the 9 Variation Strategies
(attended by Dato' Ahmad Sebi Bakar, Ms Lee Su Nie, Ms Aryati Sasya Dato' Ahmad Sebi, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)
- Corporate Governance: Balancing Rules & Practices
(attended by Ms Lee Su Nie)
- Advocacy Session on Management Discussion & Analysis for Chief Executive Officers & Chief Financial Officers
(attended by Ms Lee Su Nie)
- Corporate Governance Breakfast Series with Directors: "The Board's Response in Light of Rising Shareholder Engagements"
(attended by Puan Sri Datin Masri Khaw binti Abdullah, Mr Yong Teck Ming and Dato' Ahmad Ghiti bin Mohd Daud)
- Workshop for Audit Committees on Risk Management and Internal Control: An Integrated Assurance on Risk Management and Internal Control – Is Our Line of defense Adequate and Effective? – Post Workshop Discussion
(attended by Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)
- Corporate Governance Breakfast Series with Directors: "Bringing the Best Out in Boardrooms"
(attended by Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)

4. Foster Commitment (continued)

4.2 Training (continued)

- Directors Corporate Governance Series: “Building Effective Finance Function: From Reporting to Analytics to Strategic Input”
(attended by Mr Yong Teck Ming)
- Corporate Governance Breakfast Series with Directors: “How to Maximise Internal Audit”
(attended by Mr Yong Teck Ming and Dato’ Ahmad Ghiti bin Mohd Daud)
- Corporate Governance Breakfast Series with Directors: “Future of Auditor Reporting – The Game Changer for Boardroom”
(attended by Mr Yong Teck Ming and Dato’ Ahmad Ghiti bin Mohd Daud)
- Focus Group to Solicit feedback on the AGMs Guide for Listed Issuers
(attended by Mr Yong Teck Ming)
- Leadership Excellence: Lifelong Learning
(attended by Mr Yong Teck Ming and Dato’ Ahmad Ghiti bin Mohd Daud)
- Corporate Governance Breakfast Series with Directors: “Board Reward & Recognition”
(attended by Mr Yong Teck Ming, Dato’ Ahmad Ghiti bin Mohd Daud and Ir. Al’Azmy bin Ahmad)
- Audit Committee Conference 2015: Rising to new challenges
(attended by Dato’ Ahmad Ghiti bin Mohd Daud and Ir. Al’Azmy bin Ahmad)

The Directors have also been regularly updated on developments in corporate governance, relevant laws, regulations and business practices as a continuing effort to train and equip themselves to effectively discharge their duties.

5. Uphold integrity in financial reporting

5.1 Compliance with applicable financial reporting standards

In presenting the annual financial statements and quarterly announcement of results, the Board aims to present a balanced and understandable assessment of the Group’s position and prospects. This also applies to other price sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinising such reports to ensure accuracy and adequacy. The Audit Committee meets on a quarterly basis to review the integrity and reliability of the quarterly announcement of results. At least twice a year, the Audit Committee will meet to review the integrity and reliability of the Group’s annual financial results in the presence of the external auditors without the management, prior to recommending them for the Board’s approval and issuance to shareholders.

5. Uphold integrity in financial reporting (continued)

5.1 Compliance with applicable financial reporting standards (continued)

As part of the Directors' responsibility for preparing financial statements, the Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with applicable approved financial reporting standards in Malaysia and the Act so as to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year. The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Act.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on an 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.

5.2 Assessment of suitability and independence of external auditors

(a) Relationship with auditors

Through the Audit Committee, the Board has established a formal transparent and appropriate relationship with the Company's auditors. The external auditors are invited to attend Audit Committee Meetings at least twice a year to discuss the nature and scope of the audit and problems and reservations arising from the final audit.

The external auditor for the financial year 2015, Messrs Baker Tilly Monteiro Heng, was appointed as the Company's external auditors on 30 June 2008.

The roles of the Audit Committee in relation to both the internal and external auditors are described in the Audit Committee Report.

5. Uphold integrity in financial reporting (continued)

5.2 Assessment of suitability and independence of external auditors (continued)

(b) Audit Committee

During the financial year ended 31 December 2015, the Audit Committee met the external auditors thrice in the absence of the executive directors to discuss the audit plan, audit findings and the Company's audited financial statements. The external auditors had assured that they have formal procedures to ensure independence throughout the conduct of the audit and confirmed that they have complied with the relevant requirements for independence.

After having assessed the suitability as well as independence of the external auditors and being satisfied with their performance, the Audit Committee recommended the re-appointment of the external auditors to the Board and the Board approved the recommendation of the Audit Committee upon which the shareholders' approval will be sought at the forthcoming 92nd AGM.

6. Recognise and manage risks

6.1 Sound framework to manage risks

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. In establishing and reviewing the system of internal control, the Directors recognise that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. The effectiveness of the Group's risk management and internal controls framework is reviewed periodically by the Risk Management Committee and Audit Committee and such review includes amongst others the financial, operational, environment and compliance controls and risk management.

The Statement on Risk Management and Internal Control as set out on pages 44 to 47 of this Annual Report provides an overview of the state of internal control and risk management within the Group. Further information relating to process for identifying, evaluating and monitoring risks are set out in the Board Charter under Group Enterprise Risk Management Framework.

The members of the Risk Management Committee during the financial year ended 31 December 2015 are as follows:

- Yong Teck Ming *(Chairman, Independent Non-Executive Director)*
- Aryati Sasya Dato' Ahmad Sebi *(Member, Non-Independent Non-Executive Director)*
- Dato' Ahmad Ghiti bin Mohd Daud *(Member, Independent Non-Executive Director)*

The Risk Management Committee meets quarterly and reports to the Board any significant risk issues evaluated and recommends major changes for approval.

6. Recognise and manage risks (continued)

6.2 Internal audit function

The internal audit function of the Group is outsourced to professional firms (“Internal Auditors”). In 2015, the Internal Auditors carried out various audit assignments and follow-up audits on all key departments and subsidiaries within the Group in accordance with the approved annual audit plan. The internal audit reports were tabled at the Audit Committee meeting on a quarterly basis by the Internal Auditors. The Audit Committee Report and Statement on Risk Management and Internal Control as set out on pages 38 to 43 and pages 44 to 47 of this Annual Report provide an overview of the internal audit function.

7. Ensure timely and high quality disclosure

7.1 Corporate Disclosure Policy

The Board has in place a Corporate Disclosure Policy to set out the policies and procedures following the emphasis of Bursa Securities as outlined in its Corporate Disclosure Guide.

7.2 Leverage on information technology for effective dissemination of information

As recommended by the Code, the Company has leveraged on information technology for broader and effective ways to communicate with both its shareholders and stakeholders. The Company has established a dedicated section for investor on its website. This section provides information relating to corporate governance, annual reports, announcements to Bursa Securities and Board Charter. Contact details are provided on the Company’s website to address queries from its shareholders and stakeholders.

8. Strengthen relationship between Company and shareholders

8.1 Encourage shareholder participation at general meetings

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group’s performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The Company despatches its Notice of AGM to its shareholders at least 21 days before the AGM in allowing the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

8. Strengthen relationship between Company and shareholders (continued)

8.1 Encourage shareholder participation at general meetings (continued)

To enhance the quality and value of the AGM, the Board ensures that, for re-election of Directors, the Notice of AGM identifies the Directors standing for re-election or election with a brief description to include matters such as age, relevant experience, list of directorships in public companies, date of appointment to the Board, details of participation in Board Committees and whether the particular Director is independent. In addition, each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution.

There is no limit to the number of proxies which the exempt authorised nominee, (who hold shares in the Company for multiple beneficial owners in one securities account (“omnibus account”)), may appoint in respect of each omnibus account it holds. This allows for greater participation of beneficial owners of shares at general meetings of the Company.

8.2 Encourage poll voting

As recommended by the Code, the Board encourages poll voting for substantive resolutions. The Board is of the view that with the current level of shareholders’ attendance at AGM, voting by show of hands continues to be efficient. As for electronic poll voting, the Board will continually evaluate its feasibility for general meetings.

8.3 Effective communication and proactive engagement

The AGM is the principal forum for dialogue with shareholders. There is an open question and answer session in which shareholders may pose questions regarding the resolutions being proposed at the meeting and also on matters relating to the Group’s businesses and affairs. The Board members are in attendance to provide explanations to all shareholders’ queries and shareholders are encouraged to participate in discussions and to give their views to the Directors.

It is also the practice of the Board to hold a press conference with journalists upon request after an AGM.