

Corporate Governance Statement

The Board of Directors of Xin Hwa Holdings Berhad (“Board”) is committed to ensure that the highest standard of corporate governance is practised throughout the Group as a fundamental objective of discharging its responsibilities to protect and enhance the interest of all stakeholders and financial performance of the Group.

The Board will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the best practices recommended in the Malaysian Code on Corporate Governance (“Code”), wherever applicable, in the best interests of the shareholders of the Company.

The Board is pleased to report herein the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the recommendations of the Code.

(A) BOARD OF DIRECTORS

Size and Composition of the Board

The Group is led by an experienced Board comprising high calibre members from diverse professional backgrounds with the required skills, expertise and experience. The Board presently comprises two (2) Executive Directors and four (4) Independent Non-Executive Directors with a mix of skill sets in the areas of corporate strategy, finance, business management and corporate law. The profile of each Board member is set out on pages 6 to 11 of this Annual Report.

The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

The Board is of the opinion that the current size and composition of the Board is well-balanced after taking into consideration the Board members’ experience and exposure in various areas as well as their diverse background and skills, reflecting the Group’s commitment to ensure effective leadership of the Group.

Roles and Responsibilities of the Board

The Board is responsible for providing oversight of the Group’s strategic direction, overseeing the Group’s business operations, as well as identifying key risk factors that may have significant impact on the Group’s operations and performance. In achieving these goals, the Board performs regular reviews over the risk management and internal control systems to ensure its integrity and adequacy in providing reasonable assurance of risk mitigation.

The principal responsibilities of the Board include the following:

- Review and approve strategic direction, implementation and monitoring of the strategic business plans for the Group.
- Oversee the conduct and performance of the Group’s business.
- Establish key performance indicators and succession plan.
- Identify key risks factors that have significant impact on the Group’s operations and performance and formulate appropriate risk management and internal control systems to mitigate negative impact of the risks.
- Develop and implement investor relations programme or shareholder communications policy.
- Review the adequacy and the integrity of the Group’s internal control and management information systems.

Corporate Governance Statement

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(A) BOARD OF DIRECTORS *cont'd*

Roles and Responsibilities of the Board *cont'd*

Currently, the Managing Director (“MD”), together with the Executive Director, both of whom have extensive years of experience and in-depth knowledge of the logistics industry in Malaysia spearhead the overall strategic direction of the Group. They report and communicate key strategic plans and proposals to the Board and implement decisions made by the Board.

Presence of the Independent Directors complements the Board by ensuring there is an effective check and balance in the functioning of the Board. The Independent Directors fulfill the criteria of independence as set out in the Listing Requirements.

The Independent Non-Executive Chairman and Directors are responsive to the Company’s affairs and are committed in ensuring that highest corporate governance standards are adhered to. In the course of discharging their responsibilities with regard to corporate governance, the Independent Directors engage with the Management, internal auditors as well as external auditors.

Board Meetings

The Board meets regularly, at least once in every quarter, to review the Group’s operations and to approve the quarterly reports and annual financial statements. Additional meeting would be convened as and when urgent issues warrant matters to be attended to. Six (6) Board meetings were held during the financial period ended 31 March 2017 and all Directors have complied with the requirement in respect of Board meetings attendance as provided in the Listing Requirements.

The details of Directors’ attendance at the Board meetings are set out below:

Name of Directors	Number of meetings attended
Datuk Seri Dr. Suleiman Bin Mohamed	6/6
Ng Aik Chuan	6/6
Ng Yam Pin	5/6
Jory Leong Kam Weng	6/6
Datin Rahmah Binti Mahmood	6/6
Liew Chek Leong	6/6

Board Charter

The Board has adopted a Board Charter which serves as a source of reference for the Board and Management. The Board Charter provides guidance for Directors on the roles and responsibilities of the Board, its Committees as well as the processes and procedures for convening Board meetings. The Board Charter will be reviewed periodically to ensure it remains consistent with the Board’s objectives and any new regulations that may have an impact on the discharge of the Board’s duties and responsibilities.

The Board Charter was tabled for review at the Board Meeting held on 30 May 2017.

The Board Charter is made available for reference in the Company’s website at www.xinhwa.com.my.

(A) BOARD OF DIRECTORS *cont'd*

Code of Conduct

The Group is committed to conduct business in accordance with the highest standards of business ethics and in compliance with applicable laws, rules and regulations. The Code of Conduct provides guidance for Directors, Management and employees regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment.

The Code of Conduct is made available for reference in the Company's website at www.xinhwa.com.my.

Board Independence and Effectiveness

The Board comprises two (2) Executive Directors and four (4) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective check and balance in ensuring decision and judgement exercised by the Board remains objective and independent.

Executive Directors are responsible for the day-to-day business operations of the Group while the Independent Non-Executive Directors provide scrutiny, unbiased and independent views, advice and judgement to decisions and proposals of the Executive Directors. The Board collectively is responsible for the effective implementation and monitoring of the Group's strategic plans.

The roles of Independent Non-Executive Chairman and MD are held by separate individuals, with clear division of responsibilities and authorities, which is in line with the recommendation of the Code. The segregation of roles as Chairman and MD ensures balance of power and authority. The Chairman is responsible for the orderly conduct of the Board while the MD is responsible in ensuring the smooth and effective running of the Group's business and daily operations as well as implementation of the Board's decisions.

The Independent Non-Executive Directors are not involve in the day-to-day management of the Group's business operations. Therefore, the Independent Non-Executive Directors remain free from conflict of interest and thus enable them to carry out their duties as independent directors effectively. They provide impartial views and insight to the Executive Directors in matters relating to financial management, corporate governance, risk management and internal control. Strategies proposed by the Executive Directors are deliberated from both quantitative and qualitative aspects, taking into account the interest of various stakeholders as well as the impact of risk factors that exist in the operating environment.

The Board has also set up three (3) Board Committees, namely Audit and Risk Management Committee, Nominating Committee and Remuneration Committee (collectively referred to as "Committees"), to delegate specific duties to these Committees. The Committees shall discharge their duties within their respective terms of reference and recommend to the Board for approval.

The Committees have been granted with full authority to investigate any matter within their scope of responsibility and to obtain satisfactory information as it may requires from directors and/or employees of the Group. In the event where independent professional advice are needed to discharge their duties, the Committees are entitled to engage external professionals and/or consultants at the cost of the Group after due consultation with the Board. Details of the Committees are spelt out in subsequent section of this Annual Report.

Whistleblowing Policy

With the objective to provide and facilitate a mechanism for any whistle-blower to report concern about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse within the Group, the Board has adopted a Whistleblowing Policy and Procedure which clearly spelt out the procedures for reporting of any wrongful activities and wrongdoings within the Group.

Corporate Governance Statement

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(A) BOARD OF DIRECTORS *cont'd*

Whistleblowing Policy *cont'd*

For greater transparency and independency, whistle-blowers are directed to report the wrongful activities/ wrongdoings directly to the Chairman of the Audit and Risk Management Committee. The Whistleblowing Policy and Procedure is properly communicated to the relevant parties, especially employees of the Group.

Supply of Information

The Board has a formal schedule of matters reserved specifically for its decision. The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively.

Each of the Directors is supplied with the agenda and a set of Board Papers containing information relevant to the subject for discussion prior to a Board meeting. The Board Papers are issued in sufficient time for their perusal and consideration.

The Board invites senior management and auditors, if required, to attend Board meetings to furnish clarifications on issues that may be raised by the Directors. The Board has direct access to senior management to obtain complete and unimpeded information to assist them in discharging their duties. The proceedings of all Board meetings are recorded by the Company Secretary and filed properly in the minutes book of the Company upon confirmation by the Board.

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and the advice and services of the Company Secretary in order to fulfill their duties and responsibilities.

Directors' Appointment and Re-election

In accordance with the Company's Constitution, at every Annual General Meeting ("AGM") one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years. All Directors who retire from office shall be eligible for re-election.

The Director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the Nominating Committee before recommendation is made to the Board and shareholders for the re-election and/ or re-appointment. Appropriate assessment and recommendation by the Nominating Committee would be based on the yearly assessment conducted.

All appointments of new director to the Board are properly made with an established and transparent procedure and in compliance with the relevant rules of the relevant authorities. Any appointment of additional director will be made as and when it is deemed necessary by the existing Board with due consideration given to the individual's educational and professional background, employment record, whether the individual has any special experience in a relevant area, possession of the required skill and qualification, personal accomplishments, the mix and range of expertise and experience required for an effective Board.

The Board, based on the recommendation of the Nominating Committee, would evaluate and decide on the appointment of the proposed candidate(s).

Criteria have been set to assess the independence of candidate for directors and existing Directors based on the guidelines set out in the Listing Requirements. On an annual basis, the Independent Directors will be requested to confirm their independence by completing the independence checklist.

Corporate Governance Statement

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(A) BOARD OF DIRECTORS *cont'd*

Directors' Training

The Board recognises the needs to attend training to enable them to discharge their duties effectively. The training needs of each Director would be assessed and proposed by the individual directors. The Directors will continue to undergo relevant training programmes to further enhance their knowledge on a continuous basis in compliance with paragraph 15.08 of the Listing Requirements on Directors' Training.

The Board is also regularly updated by the Company Secretary on the latest updates and major amendments made to the Listing Requirements, Companies Act 2016 and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

The Directors have attended the following conferences, seminars and training programmes during the financial period under review:

Name of Directors	Name of Seminars/Training programmes attended
Ng Aik Chuan	<ul style="list-style-type: none"> Capitalising on the Growth of Shariah Investing
Ng Yam Pin	<ul style="list-style-type: none"> Capitalising on the Growth of Shariah Investing
Jory Leong Kam Weng	<ul style="list-style-type: none"> Practical Challenges & Impact of the Companies Bill 2015 Training Employee share-based compensation International Malaysia Law Conference 2016 Sustainability MIA International Accountants Conference 2016 Budget 2017 Highlights & Latest Tax Developments
Datin Rahmah Binti Mahmood	<ul style="list-style-type: none"> Directors' Training on Sustainability Report
Liew Chek Leong	<ul style="list-style-type: none"> Corporate Tax Issues for 2016 and 2017 MFRS/FRS Update 2016 and 2017 Group Accounting : The Economic Entity Model under MFRS 3 and MFRS 10 2017 Budget Seminar Comprehensive Updates for Corporate Accountants
Datuk Seri Dr. Suleiman Bin Mohamed could not attend any seminar or training due to his heavy schedule during the financial period.	

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries of the Company who are experienced, competent and knowledgeable play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Board is regularly kept up to date on and apprised by the Company Secretaries on any new regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclose any conflict of interest in any transaction involving the Group, prohibit dealing in securities and restrict disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company, ensure all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any changes in the Group's statutory information is duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

Corporate Governance Statement

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(B) BOARD COMMITTEES

The Board has established the following committees ("Board Committees") and delegated specific responsibilities to each of them. The Board Committees shall deal with matters within their respective terms of reference and authority delegated by the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") is responsible in assisting the Board to review the adequacy and integrity of the Group's financial reporting and internal control systems. The ARMC reviews all financial statements before submission to the Board for approval. The detailed roles, functions, responsibilities and summary of work done by the ARMC are as set out in the Audit and Risk Management Committee Report on pages 39 to 41 of this Annual Report.

Nominating Committee

The Nominating Committee ("NC") was established on 1 December 2013 and currently consists of three (3) Independent Non-Executive Directors. The NC is responsible for reviewing the Board composition and balance as well as considering the Board's succession planning and making recommendation for new appointment of Directors. The decision on new appointment of Directors shall be the responsibility of the Board after considering the recommendation of the NC. The NC meets at least once a year and as and when required.

Composition of the NC

The members of the NC are as follows:

Name	Directorship
<i>Chairman</i>	
Datuk Seri Dr. Suleiman Bin Mohamed	<i>Independent Non-Executive Chairman</i>
<i>Members</i>	
Jory Leong Kam Weng	<i>Independent Non-Executive Director</i>
Datin Rahmah Binti Mahmood	<i>Independent Non-Executive Director</i>

Functions of the NC

The functions of the NC are as follows:

- To assess and recommend to the Board candidates for all directorships of the Company.
- To identify and recommend to the Board appointments to the Board Committees.
- To annually review the required mix of skills and experience and other qualities, including core competencies that the Non-Executive Directors should bring to the Board.
- To implement a process, to be carried out annually for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.

The NC considers that the current mix of skills and experience of the Board are sufficient to discharge its duties and responsibilities effectively.

The Terms of Reference of the NC is made available for reference in the Company's website at www.xinhwa.com.my.

(B) BOARD COMMITTEES *cont'd*

Nominating Committee *cont'd*

Activities of the NC

The summary of activities of the NC during the financial period ended 31 March 2017 is as follows:

- Reviewed the Board's composition in regards to the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors.
- Conducted annual assessment of the independence of Independent Directors.
- Discussed the Directors' retirement by rotation.

In view of the Group's lean organisational structure, the NC is satisfied with the current Board composition and size. The NC is of the view that the Board is able to carry out its duties and responsibilities effectively.

Board Nomination Process

The Board has adopted a nomination process for new appointments to the Board as follows:

- The Board nomination process is to facilitate and provide a guide for the NC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.
- No specific criteria is being set for the assessment and selection of director candidate. However, the considerations would be taken on the need to meet the regulatory requirements such as Companies Act 2016 and Listing Requirements, as well as the candidate's personal career achievements, integrity, experience, independence, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skills, qualifications and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.
- The NC is responsible to recommend identified candidate to the Board to fill vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC. The potential candidate may be proposed by existing Director, senior management staff, shareholders or third party referrals.
- Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation on the proposed candidate.
- The assessment/evaluation process may include, at the NC's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview. The NC would also assess the candidate's integrity, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.
- Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidate.
- The Company would then make an invitation or offer to the proposed/potential candidate to join the Board as a Director. With the acceptance of the offer/invitation, the candidate would be appointed as Director of the Company.

Corporate Governance Statement

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(B) BOARD COMMITTEES *cont'd*

Nominating Committee *cont'd*

Annual Assessment of Existing Directors

The director who is subject to re-election and/or re-appointment at next AGM shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

The NC undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Company Secretary for compilation of rating and scores which summary would then be presented to the NC for further review and assessment.

For good corporate governance, the NC would not review its own effectiveness and the performances of the NC members. Instead, such review would be carried out by the Board as a whole with the members of the NC abstained from deliberation.

In view that the NC members are also members of the Remuneration Committee and the ARMC, the assessment of the effectiveness and performances of the Remuneration Committee and the ARMC are also carried out by the Board.

The Director who is subject to re-election and/or re-appointment at next AGM are assessed by the NC (with the relevant NC member abstaining on his own re-election) before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement. All the results of the annual assessment on Board, the Board Committees and individual Directors were satisfactory.

Assessment and Tenure of Independent Directors

The Code recommends that the Board shall undertake annual assessment of the independence of its independent directors. In line with this recommendation, the Board has outlined a policy to facilitate the annual independence assessment of the Company's Independent Directors.

Criteria have been set to assess the independence of candidate for directors and existing Directors based on the criteria for an independent director as prescribed in the Listing Requirements. An independence checklist in described format has been created for the Independent Directors to conduct self-assessment on annual basis.

During the financial period, the Independent Directors had conducted self-assessment and confirmed their independence by completing the independence checklist.

(B) BOARD COMMITTEES cont'd

Nominating Committee cont'd

Assessment and Tenure of Independent Directors cont'd

None of the Independent Directors have served the Company exceeding a cumulative terms of nine (9) years. At present, the Company does not have a formal policy to limit the tenure of independent directors to nine (9) years. However, the Board is mindful of the recommendations in the Code to ensure effectiveness of independent directors.

Gender Diversity Policy

The Board has established a gender diversity policy whereby the Company would endeavour to have woman participation on the Board. The NC is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. Presently, the Board has a female Director.

The Company does not have a formal ethnic and age diversity policy. In its selection of board members, the Board provides equal opportunity to candidates who have the relevant skills, experience, competencies and other qualities vis-à-vis the Group present business portfolios and prospective investments, without bias on race, age or gender.

The Board together with the NC will monitor the Company's performance in meeting the diversity policy and shall review the policy and to improve its diversity in the boardroom as and when needed.

Remuneration Committee

The Remuneration Committee ("RC") was established on 1 December 2013 to determine and recommend to the Board, the framework or board policy for the remuneration packages of the Executive Directors and senior management in all forms. The Board as a whole determines the allowances of the Non-Executive Chairman and the Non-Executive Directors. The RC meets at least once a year and as and when required.

Composition of the RC

The members of the RC are as follows:

Name	Directorship
<i>Chairman</i>	
Datuk Seri Dr. Suleiman Bin Mohamed	<i>Independent Non-Executive Chairman</i>
<i>Members</i>	
Liew Chek Leong	<i>Independent Non-Executive Director</i>
Ng Aik Chuan	<i>Managing Director</i>

Functions of the RC

The main function of the RC is to determine and recommend to the Board, any performance related pay schemes for the Executive Directors and/or other persons and to determine the policy and scope of service agreements for the Executive and Non-Executive Directors, termination payment and compensation commitments.

The Terms of Reference of the RC is made available for reference in the Company's website at www.xinhwa.com.my.

Corporate Governance Statement

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(B) BOARD COMMITTEES cont'd

Remuneration Committee cont'd

Remuneration Policy

The Board has established a remuneration policy to facilitate the RC to review, consider and recommend to the Board on the remuneration packages of the Executive Directors.

The remuneration of the Executive Directors, including the MD, is to be proposed by the RC and to be agreed/ approved by the Board. The remuneration package offered to Executive Directors comprised the following:

Salary	Executive Directors receive salary, together with Employee Provident Fund contribution, SOCSO and any other applicable allowances or claims. The salary is to be proposed by the RC and to be agreed/approved by the Board.
Reimbursement	The Company shall reimburse the Executive Directors for all out-of-pocket expenses properly incurred and duly vouched by him in performing his duties, including expenses of entertainment, subsistence and travelling.
Benefits	Executive Directors shall be entitled to benefits provided to employee of the Company and additional benefits based on the Company's staff benefit policy.
Annual Bonus	Executive Directors shall be entitled to participate in the Company's annual cash bonus.

The remuneration of Non-Executive Directors, which made up of directors' fee, meeting allowance and other benefits, if any, is to be determined by the Board and to be tabled for approval by shareholders.

Directors' Remuneration

The levels of remuneration of the Executive Directors are structured to attract and retain their services taking into consideration the prevailing market pay and employment conditions within the industry. The Non-Executive Directors are paid reasonable allowances and fees to commensurate with their experience and skills.

The aggregate remuneration of the Directors for the 15 months financial period ended 31 March 2017 is as follows:

Received from the Company (RM):

	Fees	Salaries	Bonus	Allowances	Total
Executive	-	-	-	-	-
Non-Executive	435,000	-	-	36,000	471,000

Received from the Group (RM):

	Fees	Salaries	Bonus	Allowances	Total
Executive	1,140,000	18,378	152,000	-	1,310,378
Non-Executive	435,000	-	-	36,000	471,000

Corporate Governance Statement

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(B) BOARD COMMITTEES *cont'd*

Remuneration Committee *cont'd*

Directors' Remuneration cont'd

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

Received from the Company (RM):

Bands	No. of Executive Directors	No. of Non-Executive Directors
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	3

Received from the Group (RM):

Bands	No. of Executive Directors	No. of Non-Executive Directors
RM650,001 to RM700,000	2	-

(C) SHAREHOLDERS

Communication with Shareholders

The Board values dialogue with investors and encourage investors to raise queries by contacting the Company at any time. The Company recognises the importance of effective communication between investors and the Board regarding matters ranging from strategic directions, financial performance to various policies that assist investors in making informed decisions.

The Board keeps shareholders informed via various announcements and the release of quarterly financial results, press releases, annual reports, circulars to shareholders, policies and Board Charter on the Company's website.

The Company has outlined a policy on shareholders communication with regard to matters relating to the communication between the Company and its valued shareholders. In addition, the Company has also established a Statement on Shareholders' Rights which clearly spelt out the de-facto rights of shareholders. Both the Shareholders Communication Policy and Statement on Shareholders' Rights relating to General Meeting are made available for review at the Company's website at www.xinhwa.com.my.

Corporate Disclosure Policy

The Group recognises the value of transparent, timely and coherent disclosures of the information. Communication with the investing public and various stakeholders are always on the agenda of the Board for enhancement. The Group adheres to and has formulated a corporate disclosure policy based on disclosure requirements imposed by relevant regulatory bodies, guidelines under the Listing Requirements and the principles and recommendations stipulated in the Code. The disclosures made by the Group to the general public through Bursa and the Company's website are with due consultation with our appointed Company Secretaries and/or other external professionals.

The Corporate Disclosure Policy was tabled for review at the Board Meeting held on 30 May 2017.

Corporate Governance Statement

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(C) SHAREHOLDERS *cont'd*

Annual General Meeting

The AGM is also the principal forum for dialogue and interaction with the shareholders of the Company. The Company encourages shareholders to attend the AGM, which is a good avenue for them to meet the Board and the Management team. The Board values feedback from its shareholders and encourages shareholders to actively participate in question and answer session open to all shareholders present at the AGM. The Board will ensure that each item of special business included in the notice of the general meetings is accompanied by a full explanation of the effects of any proposed resolution.

The Board shall present at the AGM and are prepared to respond to questions of concern from our valued shareholders who seek to understand the developments within the Group. The Board will provide clarifications on issues and concerns raised by the shareholders. The external auditors are also present to provide clarifications particularly relating to the financial statements.

(D) ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board has a general responsibility for taking the necessary steps to safeguard and enhance the value of shareholders in the Company. The Company maintains an appropriate and transparent relationship with the external auditors.

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance through the quarterly reports and annual financial statements to shareholders. The Board and the ARMC have to ensure that the financial statements are drawn up in accordance with the applicable regulations and approved accounting standards in Malaysia.

In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates.

In discharging its responsibilities, the Board is assisted by the ARMC to ensure accuracy and adequacy of information to be disclosed.

Risk Management and Internal Control

The Board acknowledges that it is crucial for the Group to maintain a sound system of risk management and internal control ("RMIC"), to provide reasonable assurance that the Group's assets and shareholders' investments in the Group are safeguarded. Nonetheless, due to its inherent nature, the Group's RMIC system can only provide reasonable but not absolute assurance against material misstatements, fraud or wilful circumvention of rules and procedures.

In recognition of the importance of having in place a structured and organised approach to identify and manage risk factors affecting the Company, a risk management and internal control framework has been established to set out principles of the Company's risk identification and management culture, which provides input of its internal control system.

Another check-and-balance measure in the Company's internal control system is through the conduct of internal audit. The internal audit function and its summary of work done during the financial period are as set out in the Audit and Risk Management Committee Report on pages 39 to 41 of this Annual Report.

A Statement on Risk Management and Internal Control of the Company is set out on pages 42 and 43 of this Annual Report.

(D) ACCOUNTABILITY AND AUDIT *cont'd*

Relationship with External Auditors and Assessment of their Suitability and Independence

The Board on its own and through the ARMC established a formal and transparent arrangement to maintain an appropriate relationship with its external auditors. The ARMC seeks regular assurance on the effectiveness of the internal control systems through independent appraisal by the auditors. The ARMC shall meet with the external auditors at least twice a year without the presence of the Executive Directors and Management for feedback of matters regarding the Management.

The Company has put in place the policies and procedures to assess the suitability and independence of external auditors.

The ARMC at its meeting held on 19 July 2017 undertook an annual assessment of the suitability and independence of the external auditors in accordance with the Board's Policy and Procedure on Appointment and Evaluation of External Auditors. In its assessment, the ARMC considered several factors, which included adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Messrs Crowe Horwath ("CH") and the level of non-audit services rendered by CH to the Company for the financial period ended 31 March 2017.

Being satisfied with CH's performance, technical competency and audit independence as well as fulfilment of criteria as set out in the Company's Policy and Procedure, the ARMC recommended the re-appointment of CH as external auditors of the Company. The Board at its meeting held on 19 July 2017 approved the ARMC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of CH as external auditors of the Company for the ensuing financial year.

(E) RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors of the Company are responsible for ensuring the financial statements of the Group and the Company are properly drawn up in accordance with the applicable regulations and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial period and of the results and cash flows of the Group and the Company for that period.

The Board is responsible for keeping proper accounting records of the Group and Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the applicable regulations and approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board, with the recommendations by the ARMC, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospects.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in page 50 of this Annual Report.

(F) COMPLIANCE WITH THE CODE

The Board strives to ensure that the Group complies with the principles and recommendations of the Code. The Board will endeavor to improve and enhance procedures in the Group to ensure compliance from time to time.