

CORPORATE GOVERNANCE STATEMENT

The Statement on Corporate Governance by the Board of Directors (“**Board**”) has been set out in accordance with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements of Bursa Securities**”).

The Board recognises the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Board is pleased to report on the manner in which the Group has applied the Principles and Recommendations of the Malaysia Code on Corporate Governance 2012 (“**MCCG 2012**”) and the governance standards in accordance with the Listing Requirements of Bursa Securities during the financial year ended 30 June 2017.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITY

1.1 CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board leads the Group and plays a strategic role in overseeing the Group’s corporate objective, directions and long term goals of the business. The Board is responsible for oversight and overall management of the Company.

To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. Each of the Committees is entrusted with specific responsibilities to oversee the Company’s affairs, in accordance with their respective written Terms of Reference. The Chairmen of the respective Committees shall report the outcome of their meetings to the Board. Minutes of all Board Committee meetings are circulated to the Board members so that they are kept abreast of proceedings and matters discussed at Board Committee meetings.

Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined objectively, taking into perspective of the long term interest of shareholders, other stakeholders and communities at large.

The Executive Directors take on primary responsibilities for implementing the Group’s business plans and managing the business activities.

1.2 CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is primarily entrusted with the responsibility of charting the direction of the Group and focuses mainly on strategies, financial performance and critical business issues, including the following areas:-

- Reviewing the Group’s strategic action plans particularly promoting sustainability and policies;
- Overseeing the conduct of the Group’s business to ensure that it is being properly managed;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- Appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Succession planning;
- Developing and implementing investor relations programmes and shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group’s system of internal control, risk management framework and management information systems, including systems for compliance with application laws, regulations, rules, directives and guidelines; and
- Responsible for the preparation of the Company’s financial statements.

1.3 FORMALISED ETHICAL STANDARDS THROUGH CODE OF CONDUCT

The Directors continue to observe the code of conduct expected of Directors of Companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, and ensure implementation of appropriate internal systems to support, promote and ensure the compliance of the Company Directors' Code of Ethics.

1.4 STRATEGIES TO PROMOTE SUSTAINABILITY

The Board is mindful of the importance of building a sustainable business and is committed to the promotion of best practice principles in this regard. The Board recognises that enhancing sustainability is a long-term commitment and therefore takes into consideration of the environmental, social and governance impact when developing the corporate strategy.

The Group is committed to provide a safe workplace for its employees with emphasis on best practice in health, safety and environment and conducting its business in a way that is environmentally sound. The Group is also committed to protect the environment through conscientious efforts to ensure pollution levels are kept to a minimum in respect of its construction works. The Group also aims to eliminate all occupational injuries, prevent pollution at its source and optimises the use of natural resources.

1.5 ACCESS TO INFORMATION AND ADVICE

To ensure effective conduct of Board meetings, a structured formal agenda and Board meeting papers relating to the agenda including progress reports on operations, quarterly results of the Group and the Company, financial and corporate proposals and minutes of the Board Committees are circulated to all Directors prior to each Board meeting. The Directors are thus given sufficient time to peruse the matters that will be tabled at the Board meetings to enable them to participate in the deliberations of the issues to be raised and to make informed decisions.

Where a potential conflict arises in the Group's investments, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Where necessary, members of senior management and external advisers are invited to attend Board meetings to furnish additional insights and professional views on specific items to be tabled for the Board's consideration.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the Minutes at the following Board and Board Committee Meetings. The Directors may request for further clarification or raise comments on the Minutes prior to confirmation of the Minutes to be tabled at the respective Board Committee meetings as the correct records of the proceedings.

In exercising Directors' duties, the Board has access to all information within the Company, the advice and services of the Company Secretary and independent professional advice where necessary, at the Company's expense.

1.6 QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board is supported by a qualified and experienced Company Secretary in carrying out its roles and responsibilities. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board policies and procedures and compliance with the relevant regulatory requirements, code of guidance and legislations.

The Company Secretary attends and ensures Board and Board Committee meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the registered office of the Company. Nevertheless the Board does not have any agreed procedure for Directors whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expenses, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.

CORPORATE GOVERNANCE STATEMENT

(continued)

1.7 BOARD CHARTER

The Directors are expected to act in a professional manner and discharge their duties with high ethical values, honesty and accountability in their commitment to good corporate governance practices.

The Board Charter adopted by the Company clearly sets out the roles and responsibilities of the Board, the division of authority and responsibilities of the Board, Management and Committees and the composition of Board to ensure all Board members acting on behalf of the Company are aware of their duties and responsibilities. The Board Charter serves as a reference providing guidance and clarity to prospective and existing Board members and Management on the fiduciary and leadership functions of the Company's Directors.

The Board Charter is made available on the Company's website at www.titijaya.com.my and will be reviewed when necessary to ensure the Charter remains consistent with the Board's objectives, current law and practices.

PRINCIPLE 2: STRENGTHEN COMPOSITION

2.1 NOMINATION COMMITTEE

The Nomination Committee is made up of three (3) Non-Executive Directors, a majority of whom are independent whose details are as follows:-

Name	Designation	Directorship	Management Strategy
Y.B. Senator Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor (Retired)	Chairman	Independent	Non-Executive Director
Y.A.D. Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Member	Non-Independent	Non-Executive Director
Y. Bhg. Dato' Ch'ng Toh Eng	Member	Independent	Non-Executive Director

The Board is in the opinion that Y.B. Senator Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor (Retired), an Independent Non-Executive Director, is an ideal Chairman of the Nomination Committee, given his experience and available time commitment.

The Nomination Committee is empowered by the Board to, amongst others, recommend to the Board, suitable candidates for new appointments to the Board. In making these recommendations, the NC considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The Nomination Committee assesses the effectiveness of the Board and the Committees of the Board annually to ensure that the Board has an appropriate balance of skills, expertise and core competencies.

Further information on the functions of the Nomination Committee are set out in its Terms of Reference, which is available under the "Corporate" section on the Company's website at www.titijaya.com.my.

2.2 DEVELOP, MAINTAIN AND REVIEW CRITERIA FOR RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS

Appointments of Directors

The NC is responsible for making recommendations for any new appointments to the Board and its various Board Committees. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

The Directors also observe the recommendation of MCCG 2012 that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

All the Board members shall notify the Chairman of the Board prior to the acceptance of new Board appointment(s) in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction.

The Chairman of the Board shall notify the Board members before accepting any new directorships in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The notification should include an indication of time that will be spent on the new appointment.

Re-election of Directors

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting ("AGM"). The Articles also provide that at least one third (1/3) of the Directors is subject to re-election by rotation at each AGM, provided that the Directors including the Managing Director shall retire at least once in every three (3) years but shall be eligible for re-election.

The Articles further provide that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

Gender, Ethnicity and Age Group Diversity Policies

The Board is cognisant of the gender diversity recommendation promoted by MCCG 2012 pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation. Presently, there are two (2) existing female Directors on the Board of the Company.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have a specific policy on setting target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

Annual Assessment

The Nomination Committee has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual Director.

During the financial year ended 30 June 2017, the Nomination Committee held one (1) meeting with full attendance of all its members, to deliberate the following matters:-

- Reviewed the Performance Evaluation Forms for Directors and Board Committees;
- Reviewed the effectiveness of the Board as a whole and of the Board Committees; and
- Annual assessment of the Independent Directors.

CORPORATE GOVERNANCE STATEMENT

(continued)

Based on the results of the annual assessment, the Nomination Committee has made the following observations:-

- the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high caliber, credibility and with necessary skills and qualifications to enable the Board to discharge its responsibility effectively.
- all Board Committees members have discharged their duties with care and diligence according to the respective Terms of Reference of the Remuneration Committee and Audit Committee.

2.3 REMUNERATION POLICIES

Remuneration Committee

The Remuneration Committee comprises one (1) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director and one (1) Executive Director whose details are as follows:-

Name	Designation	Directorship	Management Strategy
Y. Bhg. Dato' Ch'ng Toh Eng	Chairman	Independent	Non-Executive Director
Mr. Chin Kim Chung	Member	Non-Independent	Non-Executive Director
Y. Bhg. Tan Sri Dato' Lim Soon Peng	Member	Non-Independent	Group Managing Director

Details on the functions of the Remuneration Committee are set out in its Terms of Reference, which is available under the "Corporate" section on the Company's website at www.titijaya.com.my.

Directors' Remuneration

The Remuneration Committee meets as and when required, has responsibility for determining all aspects of remuneration and terms and conditions of service of all the Directors, drawing from outside advice whenever necessary prior to making the relevant recommendation to the Board such that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The individual concerned must abstain from deliberations and voting on decisions in respect of his individual remuneration.

Remuneration packages for Executive Directors are structured so as to link rewards to corporate and individual performances. The remuneration of Executive Directors includes salary, bonus, allowance and benefits-in-kind. In the case of Independent Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned and is determined by the Board and will be tabled to the Company's shareholders for approval at the Company's Annual General Meeting prior to payment to the Directors.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. The Group operates a performance-linked bonus set against key performance indicator for all employees, including the Executive Directors. The criteria for the performance-linked bonus are dependent on the financial performance of the Group based on an established formula.

CORPORATE GOVERNANCE STATEMENT

(continued)

The aggregate remuneration paid to Executive Directors and Non-Executive Directors of the Company are as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
Fees	124,200	108,000	124,200	108,000
Salaries and other emoluments	2,214,257	2,292,378	18,000	19,500
	2,338,457	2,400,378	142,200	127,500
Non-Executive Directors				
Fees	213,900	186,000	213,900	186,000
Other emoluments	38,000	33,689	38,000	33,689
	2,590,357	2,620,067	394,100	347,189

The remuneration paid to Executive Directors of the Company by category and in the bands of RM50,000 is as set out below:-

Range (RM)	No. of Executive Directors	No. of Non-Executive Directors
50,000 and below	-	1
50,001 – 100,000	-	3
550,001 – 600,000	-	-
600,001 – 650,000	-	-
650,001 – 700,000	1	-
700,001 – 750,000	-	-
750,001 – 800,000	-	-
800,001 – 850,000	2	-
850,001 – 900,000	-	-
Total	3	4

During the financial year ended 30 June 2017, the Remuneration Committee met two (2) times with full attendance of all its members and via circular resolution, to deliberate the following matters prior to making recommendations to the Board for approval:-

- Reviewed the bonus payment for the Executive Directors of the Company;
- Reviewed the existing employment terms and remuneration package of the Executive Directors of the Company;
- Reviewed the benefits in-kind for the Directors of the Company;
- Reviewed the Directors' fees for the Directors of the Company; and
- Reviewed the bonus payment for employees of the Group.

CORPORATE GOVERNANCE STATEMENT

(continued)

PRINCIPLE 3: REINFORCE INDEPENDENCE

3.1 ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in MCCG 2012. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interest of the Company.

In line with Recommendation 3.1 of the MCCG 2012, the Board via the NC conducted an independent assessment of the Independent Directors. The NC is satisfied with the results whereby all the Independent Directors fulfilled the criteria of “Independence” as prescribed under the Listing Requirements of Bursa Securities.

3.2 TENURE OF INDEPENDENT DIRECTORS

The Board is aware that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years term, an Independent Director may continue to serve on the Board subject to the said Director’s re-designation as a Non-Independent Director.

There is no Independent Director of the Company whose tenure has exceeded a cumulative of nine (9) years.

3.3 SEPARATION OF POSITION OF THE CHAIRMAN AND GROUP MANAGING DIRECTOR

The Board is led by Y.B. Senator Laksamana Tan Sri Dato’ Setia Mohd Anwar Bin Hj Mohd Nor (Retired) as the Independent Non-Executive Chairman. Y. Bhg. Tan Sri Dato’ Lim Soon Peng and Mr. Lim Poh Yit are the Group Managing Director and Deputy Group Managing Director of the Company, respectively.

The roles of the Chairman and the Group Managing Director are separately held by different individuals and the division of their responsibilities is clearly established, with each having distinct and clearly defined authority and responsibilities. This is to ensure there is an appropriate balance of roles, responsibilities and accountability at the Board level.

The Board recognises the crucial role and contribution played by Independent Non-Executive Directors. They represent the element of objectivity and independent judgement of the Board. This ensures that there is sufficient check and balance so that no one or particular group dominates the Board.

3.4 COMPOSITION OF THE BOARD

The Board consists of nine (9) Directors, comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Alternate Director. This Board composition complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent. The profile of each Director is set out in the section of Directors’ Profiles of this Annual Report.

The Executive Directors and the management team are responsible for making and implementing day-to-day operational decisions of the Company. Non-Executive Directors play supporting and impartial role to the Company, providing check and balance and ensuring a high standard of corporate governance, contributing their skills, expertise and knowledge towards the formulation of the Group’s strategic and corporate objective, policies and decisions.

The Board composition is appropriate in terms of membership and size with a good mix of skills and core competencies and is well represented by individuals with diverse range of knowledge, experiences and ability to make independent judgments.

All members of the Board comply with the limitation of directorship requirements under the MMLR of Bursa Securities.

PRINCIPLE 4: FOSTER COMMITMENT

4.1 TIME COMMITMENT

The Directors have demonstrated their commitment to the business of the Board and Board Committees and key events, towards discharging their roles and responsibilities and fiduciary duties as Directors of the Company, despite an extremely busy year both from the business and corporate perspectives. Commitment to the time necessary to carry out their duties as Directors is a term of their appointment.

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar with an indication of the key business items for each meeting is circulated to all Directors, to facilitate the Directors' time planning.

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be made between the scheduled meetings.

During the financial year, the Board met five (5) times, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group, related party transaction and corporate governance matters. The Board also notes the decisions, recommendations and issues deliberated by the Board Committees through the minutes of these committees.

In the interval between Board meetings, any matter requiring urgent Board decision and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

The details of attendance of each Director for the financial year ended 30 June 2017 are as follows:-

Name of Directors	Number of Meetings Attended
Y.B. Senator Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor <i>(Retired)</i>	3/5
Y. Bhg. Tan Sri Dato' Lim Soon Peng	5/5
Lim Poh Yit	4/5
Lim Puay Fung	5/5
Chin Kim Chung	5/5
Y. Bhg. Dato' Ch'ng Toh Eng	5/5
Y.A.D. Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	3/5
Y. Bhg. Datuk Nozirah Binti Bahari <i>(appointed with effect from 25 September 2017)</i>	Not Applicable

4.2 TRAINING

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Securities for the newly appointed Directors.

Newly appointed Directors are invited to attend an in-house orientation programme which is usually conducted after their effective appointment date.

Training is available to all Directors on an ongoing basis and the Board of Directors will evaluate and determine the training needs of its Directors. Directors will undergo relevant training programmes to further enhance their knowledge on a continuous basis in compliance with the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE STATEMENT

(continued)

During the current financial year, the Directors have attended appropriate training programmes conducted by external experts to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments in the marketplace. The training programmes that the Directors had attended are as follows:-

Name of Directors	Training / Courses Attended
Y. Bhg. Tan Sri Dato' Lim Soon Peng	<ul style="list-style-type: none">• Belt and Road Initiative : Malaysia-China Business Dialogue
Lim Poh Yit	<ul style="list-style-type: none">• Learning Bhutan's GHP Index
Lim Puay Fung	<ul style="list-style-type: none">• The Global Leadership Summit
Chin Kim Chung	<ul style="list-style-type: none">• National Tax Conference 2016;• GST Conference 2016;• Future of Audit;• 2017 Budget;• CSP Practical Issues under the Companies Act 2016;• Auditors, Financial Statements and Reports under the Companies Act, 2016;• MFRS/FRS Update 2016/2017 Seminar.
Y. Bhg. Dato' Ch'ng Toh Eng	<ul style="list-style-type: none">• The 11th Asia Ports, Logistics & Shipping Conference;• Navigating through New Normet;• IAPH World Ports Conference;• Driving Financial Integrity and Performance
Y.A.D. Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	<ul style="list-style-type: none">• Key Amendments to Listing Requirements 2016

Although Y.B. Senator Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor (Retired) has not been able to attend a structured training programme during the financial year under review due to work commitments. He continued to gain updates through briefings by the Company Secretary, Internal and External Auditors during quarterly meetings, communications with other Directors as well as the daily work exposures.

The Directors will continue to participate in future professional development programme from time to time as necessary to enable them to carry out their roles and duties effectively.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board is committed to providing a balanced, clear and understandable assessment of the financial position, performance and prospects of Titijaya Group in the disclosures made to the shareholders and the regulatory authorities.

The Board takes responsibility to ensure that the financial statements of the Company present a balanced and meaningful assessment of the Group's position and prospects and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards in Malaysia.

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process and the information for disclosure to ensure accuracy, adequacy and completeness.

A statement by the Directors of their responsibilities in preparing the financial statements is also set out in this Annual Report.

5.2 ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The role of the Audit Committee in relation to the External Auditors is outlined in the Audit Committee Report in this Annual Report. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Group's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors. The External Auditors are invited to attend the Audit Committee meeting twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held with the External Auditors without the presence of the management. The Audit Committee also meets with the External Auditors additionally whenever it deems necessary. In addition, the External Auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of the Annual Report.

PRINCIPLE 6: RECOGNISE AND MANAGE RISK

6.1 SOUND FRAMEWORK TO MANAGE RISK

Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

The Board has put in place a formal risk management framework that allows more structured and focused approach to identify, evaluate, monitor and report the principal risks that affect the achievement of the Group's business objectives and enables the adoption of a risk-based internal control system.

The Board has established a Management level Risk Management Committee ("**RMC**") under the purview of the Deputy Group Managing Director, to spearhead risk management activities across the Group. The RMC undertakes various initiatives towards embedding a risk based approach to the activities of the various business and support units.

The following activities have taken place as part of establishing this formal framework:

- Risk profile has been developed for the Group.
- Risk Management Policy has been developed which incorporates amongst others a structure process for identifying, evaluating and prioritising risks as well as clearly defining the risk responsibilities and escalation process.
- Risk Management Reports are tabled to the Audit Committee summarising identified risks and controls taken to mitigate or manage the identified risks.

CORPORATE GOVERNANCE STATEMENT

(continued)

6.2 INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent consulting firm, to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit function has prepared a risk-based internal audit plan and incorporated a holistic schedule of assignments to provide independent assurance on the system of risk management and safeguarding of the Group's assets. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

During the financial year ended 30 June 2017, internal audit reviews were carried out and the findings of the reviews, including the recommended management actions plans were presented directly to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The information on the Group's risk management and internal control is presented in the Statement of Risk Management and Internal Control in this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 CORPORATE DISCLOSURE POLICY

The Company recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations.

The Company is committed to ensure that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary, advisers and/or other service providers.

The Company's website incorporates an Investor Relations section which provides all relevant information of the Company and is accessible by the public. The Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.

7.2 LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board has established a dedicated section for corporate information on the Company's website where information on the Company announcements, financial information and stock information can be accessed.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 ENCOURAGE SHAREHOLDER PARTICIPATION AT GENERAL MEETING

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases. Enquiries by shareholders are dealt with promptly as practicable as possible.

Annual General Meeting

The Annual General Meeting (“AGM”) is the principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least twenty-one (21) days before the date of the meeting. At the meeting, Management makes a presentation on the year’s financial results and business activities.

At each AGM, the Board encourages shareholders to participate in the question and answer session whereby the Directors are available to discuss aspects of the Group’s performance and its business activities. The Chairman responds to shareholders’ questions during the meeting.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

8.2 POLL VOTING

Pursuant to the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may be properly moved and is intended to be moved at any general meeting, is voted by poll. The Company shall be conducting poll voting for all resolutions set out in the notice of general meeting.

The Company will explore providing facilities for poll voting via electronic means to expedite verification and counting of votes.

8.3 EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT

The Board believes that a constructive and effective relationship with all investors is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to the investor community and shareholders.

During the last AGM, the Group Chief Financial Officer presented an overview and explained the operational and financial performance of the Group, its corporate strategies, trends and the outlook for the future. Shareholders present at the meeting had the opportunity to enquire on the Group’s performance and operations and were invited to ask questions during the question and answer session.

Further, apart from announcements and public statements required by Bursa Securities, the Company issues press releases and conducts media and analysts briefings in conjunction with the release of the Group’s quarterly and annual financial results announcements as deemed fit.

STATEMENT OF COMPLIANCE

The Principles and Recommendations of the MCGG 2012 have been considered in making this Statement.

The Board has taken reasonable steps to ensure the Group has implemented as far as possible the governance standards and recommendations of MCGG 2012. The Board considers that the recommendations of MCGG 2012 have been substantially implemented. Nevertheless, there are still areas for further enhancement and efforts will continue in this regard.