

STATEMENT ON CORPORATE **GOVERNANCE**

INTRODUCTION

The Board of Directors (“the Board”) of Jaya Tiasa Holdings Berhad (“JTH” or the “Company”) supports the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (“the Code”). The Board is committed to ensuring that a high standard of corporate governance is implemented and maintained as a fundamental part of discharging its responsibilities in managing the business and affairs of the Company to create long-term and sustainable growth in shareholder value.

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to present the following statement on the application by the Company of the Principles and Recommendations set out in the Code.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board is responsible for the oversight and overall management of the Company. The following Board Committees have been established to assist the Board in fulfilling its ongoing oversight and to ensure the effective discharge of its responsibilities:-

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

All the Board Committees are provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority.

The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, rests with the Board.

The aforesaid Board Structure is supported by the Discretionary Authority Limits (“DAL”), which clearly sets out relevant matters with applicable thresholds, including those reserved for the Board’s approval, and those which the Board has delegated to the Chief Executive Officer (“CEO”) and Management. The Board Structure and the DAL are reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making.

Key matters reserved for the collective decision of the Board include the approval of financial results, annual corporate and business plans, dividend policy, acquisition and disposal of undertakings and properties of a substantial value as well as major investments and strategic decisions.

1.2 Roles and Responsibilities

The Board has assumed the following major responsibilities in discharging its stewardship and fiduciary functions:-

- reviewing and adopting the strategic plans of the Company and its subsidiaries (the “Group”). It has in place a planning process, whereby management presents to the Board its proposed business plan for the ensuing year for Board’s review and approval. At this meeting, the Board also sets the Key Performance Indicators (“KPIs”), categorized under various identified perspectives, in alignment with the main strategic focus areas of the Group to ensure that business plan reflects industry trends and internal capabilities;
- overseeing the conduct of the Group’s business. The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Senior Management Team. Management’s performance, under the leadership of the CEO, is assessed by the Board through the business plans, corporate objective, financial statements, performance review report and operational review report which are tabled to the Board for approval and/or adoption during each reporting period. The Board is also kept informed of the Group’s performance based on the approved KPIs;



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- ensuring the implementation of appropriate system to manage key risks. Through the Risk Management Committee (“RMC”), the Board oversees the risk management of the Group. The RMC advises the Board on key risks faced by the Group and the adequacy of compliance and control throughout the Group.
- ensuring that adequate support for continuity is in place in the absence of key executives;
- overseeing the development and implementation of a communication policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group’s internal control and management information system.

1.3 Code of Conduct

The Directors of the Company adhere to the Code of Ethics established by the Companies Commission of Malaysia, which forms an integral part of the Company’s Board Charter. The Code of Ethics sets out the principles in relation to transparency, integrity, accountability and corporate social responsibility.

In addition to the above, the Whistle-Blower Policy seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrong doing in the Group may be exposed. It sets out the internal channel/procedures for the whistle-blower to raise concern both inside and outside the Management line. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal.

1.4 Strategies Promoting Sustainability

Promoting sustainability and enhancing shareholder value are embedded in our business model that takes into account market place, work place, environment and community, details of which are set out in the Corporate Social Responsibility Statement on pages 17 to 20 of this Annual Report.

1.5 Access to Information and Advice

The Directors have unrestricted access to the Group’s Management and to all information pertaining to the Group’s business and affairs whether as a full Board or in their individual capacity in furtherance of their duties. The Directors also have the liberty to seek independent professional advice if so required by them at the Company’s expense.

The agenda for each Board Meeting together with a full set of board papers are forwarded to each Director for their perusal well in advance of the date of the Board Meeting to facilitate informed decision making and effective discharge of the Board’s responsibilities. The Senior Management Staff are invited to attend the Board and Board Committee Meetings to report on matters relating to their respective areas of responsibility and also to provide detail or clarification on issue(s) that may be raised by any Director.

1.6 Company Secretary

All the Directors have direct access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified and competent, plays a supportive role to the Board by ensuring adherence to the Board policies and procedures and compliance with regulatory and statutory requirements. She ensures that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Board Committees, division of responsibilities between the Board, Management, Chairman, CEO and Board Committees as well as processes and procedures for meetings. It serves as a structured guide and primary induction document providing prospective and existing Board Members insights into their fiduciary and leadership functions.

The Board Charter is available at the Company’s website at www.jayatiasa.net.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. STRENGTHEN COMPOSITION

The Board has nine (9) members. Two (2) are Executive Directors and seven (7) Non-Executive Directors. Four (4) Directors or 44% of the Board members are Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The profile of each Director is presented on pages 5 to 9.

2.1 Nomination Committee

The Board has a Nomination Committee comprising entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Nomination Committee:-

Chairman	-	Datuk Talib Bin Haji Jamal (<i>Independent Non-Executive Director</i>)
Members	-	Mr John Leong Chung Loong (<i>Independent Non-Executive Director</i>)
	-	Dato' Sri Dr. Tiong Ik King (<i>Non-Independent Non-Executive Director</i>)

The key terms of reference of the Nomination Committee are: -

- assessing and recommending to the Board the candidates for Directors and appointment of Directors to Board Committees;
- reviewing Board size and effectiveness of the Board and Board Committees;
- assessing independence of Independent Directors; and
- identifying appropriate training for Board members.

The activities of the Nomination Committee during the financial year were as follows:

- reviewed the required mix of skills, experience, size and composition of the Board;
- assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- assessed the independence of the independent Directors;
- reviewed and made the recommendation to the Board on the re-election and re-appointment of Directors based on assessment conducted; and
- identified training programme for Board of Directors.

The Nomination Committee meets as and when required. Two meetings were held during the financial year ended 30 June 2015 and were attended by all the members. All recommendations of the Nomination Committee are subject to the approval of the Board.

2.2 Criteria for Recruitment and Annual Assessment of Directors

The Nomination Committee is responsible to recommend the identified candidate to the Board either to fill a casual vacancy or as an addition to the existing Directors. In evaluating the suitability of candidates, the Nomination Committee considers, among others, the competency, experience, character, integrity, commitment (including time commitment) and contribution of the candidates including where appropriate, the criteria (based on definition of Independence in the Listing Requirements of Bursa Malaysia Securities Berhad) on assessing the independence of candidates' appointment as Independent Non-Executive Directors.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Following the appointment of new Directors to the Board, the Nomination Committee ensures that an induction programme is arranged, including site visits and meeting with Senior Management personnel to enable them to have a full understanding of the nature of the business, current issues within the Group as well as corporate strategies.

The Board has an on-going evaluation process to assess its effectiveness and that of its Board Committees. The annual assessment process is led by the Nomination Committee Chairperson. The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on fit and proper, contribution, calibre and personality. The evaluation results and comments by all Directors are discussed at the Nomination Committee, which then makes recommendation to the Board.

In respect of the assessment for the financial year ended 30 June 2015, the Board was satisfied that the Board as a whole and its Board Committees had discharged their duties and responsibilities effectively. The Board is of the view that its present composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

The Board promotes corporate culture that embraces diversity in every form when determining composition from a diverse pool of qualified candidates. Through the Nomination Committee, the Board evaluates the suitability of candidates during recruitment and annual assessment of the Directors' performance taking into consideration the criteria required of the Board Members as set out in paragraph one above, in the context of the needs of the Board. Although the Board does not endorse quotas on gender, ethnicity and age diversity, it does commit to having an increasing representation of women on the Board. Currently, there are two (2) female Directors, namely Mdm Tiong Choon and Dato' Wong Lee Yun. The ages of Directors range from 41 to 76.

2.3 Remuneration Committee

The Remuneration Committee is made up entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Remuneration Committee:-

Chairman	-	Mr John Leong Chung Loong (<i>Independent Non-Executive Director</i>)
Members	-	Datuk Talib Bin Haji Jamal (<i>Independent Non-Executive Director</i>)
	-	Dato' Sri Dr. Tiong Ik King (<i>Non-Independent Non-Executive Director</i>)

The Remuneration Committee is responsible to recommend to the Board the framework and remuneration packages for Executive Directors and performance related pay scheme for CEO.

Remuneration packages of both Executive Directors and Non-Executive Directors are a matter to be decided by the Board as a whole, taking into consideration the recommendations of the Remuneration Committee, to ensure that the Level and make-up of remuneration are sufficient to attract and retain the Board Members needed to run the Company successfully.

The remuneration of the Executive Directors consists of basic salary and bonus. Other benefits customary to the Group are made available as appropriate. In the case of the CEO, a variable component of his remuneration is structured so as to link rewards to his performance.

Non-executive Board Members are paid a basic fee as ordinary remuneration and are also paid additional remuneration based on their level of responsibilities in the Board and Board Committees as well as for their attendances at meetings. The fee which is subject to the approval of the shareholders shall be fixed in sum and not by a commission or on percentage of profits/turnover.

The Remuneration Committee meets as and when required. One meeting was held during the financial year ended 30 June 2015 and recommended to the Board the remuneration packages for the Deputy Executive Chairman and CEO in all its form. The meeting was attended by all the members.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

During the financial year ended 30 June 2015, the remuneration of the Executive Directors and Non-Executive Directors are as follows:-

	Salary RM	Fees RM	Bonus RM	Other Emolu- ments RM	EPF RM	Benefit in kind RM	Total RM
Executive Directors							
Dato' Sri Tiong Chiong Hoo	396,000	60,000	132,000	9,000	68,640	13,325	678,965
Dato' Wong Sie Young	360,000	60,000	300,000	9,000	62,400	9,900	801,300
Non-Executive Directors							
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid		71,500		57,000		13,325	141,825
Dato' Sri Dr Tiong Ik King		64,000		9,000			73,000
Tiong Choon		60,000		9,000			69,000
Tiong Chiong Hee		60,000		9,000			69,000
John Leong Chung Loong		70,500		9,000			79,500
Dato' Wong Lee Yun		63,500		129,000			192,500
Datuk Talib Bin Haji Jamal		70,500		9,000			79,500
Total	756,000	580,000	432,000	249,000	131,040	36,550	2,184,590

Directors' remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	–	5
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	1
RM650,000 to RM700,000	1	–
RM800,000 to RM850,000	1	–

3. REINFORCE INDEPENDENCE

3.1 Independence of Directors

The Board recognises the importance of Independent Directors to facilitate the exercise of independent evaluation and objectivity in the decision-making process, and thus provides check and balance in the Board.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on the definition of independence as set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

In line with the Code, the Company's Board Charter restricted the tenure of an Independent director to a cumulative term of nine (9) years. However, upon completion of 9 years service, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the Director as an Independent Director. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Following an assessment by the Nomination Committee and the Board, the Board recommended that Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid and Mr John Leong Chung Loong, who have served on the Board for a cumulative terms of more than nine (9) years to continue their offices as Independent Non-Executive Directors subject to the shareholders' approval at the forthcoming Fifty-Fifth Annual General Meeting ("AGM"). The keys justifications for the recommendation are as follows:-

- they fulfilled the criteria under the definition of Independent Director as set out in the Listing Requirements of Bursa Malaysia Securities Berhad and therefore are able to bring independent and objective judgment to the Board;
- they are experienced independent directors who over the years have developed increased insight into the Company and the business operations of the Group;
- they have been very committed and had devoted sufficient time to their responsibilities as Independent Non-Executive Directors of the Company; and
- they have exercised due care during their tenure as Independent Non- Executive Directors of the Company and carried out their responsibilities in the interest of the Company and shareholders.

3.2 Positions of Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure a balance of power and authority. The positions of the Chairman and the CEO are separately held by two persons. The Chairman, Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid, an Independent Non-Executive Director, is primarily responsible for ensuring the integrity and effectiveness of the governance processes of the Board and acts as a facilitator at meetings of the Board. He ensures that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe, contributions by Directors are forthcoming and that no Director dominates discussion. The CEO, supported by the Senior Management team, implements the Group's strategic plan, policies and decision adopted by the Board and oversees the operations and business development of the Group.

3.3 Senior Independent Non-Executive Director

The Board has identified Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid (email address: tsrahman.hamid@gmail.com) as the Senior Independent Non-Executive Director to whom concerns of shareholders, management and others may be conveyed.

4. FOSTER COMMITMENT

4.1 Time Commitment

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, a new director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board. The existing Directors are required to notify the Chairman before accepting any new Directorship of other listed company and to indicate the time expected to be spent on the new appointment.

All the Directors are required to submit to the Company an update on their total number of directorships held by them in other listed company(ies) every six (6) months for monitoring purpose.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is reflected by their attendance at Board meetings.

The Board holds scheduled meetings regularly, with additional meetings convened as and when necessary. The annual meeting calendar providing scheduled dates for meetings of the Board, Board Committees and shareholders is prepared and circulated to the Directors at the beginning of each year so that the Directors can plan accordingly and fit the year's meetings into their respective schedules. The calendar also includes closed period for dealings in Company's shares by Directors and principal officers.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

A total of six (6) Board of Directors Meetings were held in the financial year ended 30 June 2015. Details of the attendance of each Director are as follows: -

Name of Directors	Meeting Attendance
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid (<i>Independent Non-Executive Chairman</i>)	6/6
Dato' Sri Tiong Chiong Hoo (<i>Deputy Executive Chairman</i>)	6/6
Dato' Wong Sie Young (<i>Chief Executive Officer</i>)	6/6
Dato' Sri Dr Tiong Ik King (<i>Non-Independent Non-Executive Director</i>)	6/6
Mdm Tiong Choon (<i>Non-Independent Non-Executive Director</i>)	6/6
Mr Tiong Chiong Hee (<i>Non-Independent Non-Executive Director</i>)	6/6
Mr John Leong Chung Loong (<i>Independent Non-Executive Director</i>)	6/6
Dato' Wong Lee Yun (<i>Independent Non-Executive Director</i>)	6/6
Datuk Talib Bin Haji Jamal (<i>Independent Non-Executive Director</i>)	6/6

4.2 Directors' Training

All the Directors are encouraged to attend continuous education programmes to update their skills and knowledge and to keep abreast with the latest developments on a variety of areas relevant to the Group's business.

The development and training programmes as well as conferences attended by each individual Director during the financial year are as follows: -

Director	Course Title	Date of Attendance
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	Breakfast at Bursa Malaysia Enhancing Internal Audit Practice	13 August 2014
	Directors Breakfast Series: "Great companies deserve great boards"	10 October 2014
	Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is our line of defence adequate and effective?"	14 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Sri Tiong Chiong Hoo	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Wong Sie Young	Education Seminar: Overview of ESG Index and Industry Classification Benchmark	20 August 2014
	Forest Management Certification (Natural Forest) in Sarawak: The Way Forward	20-21 August 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	Malaysian Palm Oil Trade Fair & Seminar (POTS KL)	28-29 October 2014
	OFIC 2014 – Global Oils & Fats : Addressing Major Challenges	5-7 November 2014
	Bursa Malaysia Derivatives Annual Palm & Lauric Oils Conference & Exhibition : Price Outlook 2015/2016 (POC 2015)	2-4 March 2015



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Director	Course Title	Date of Attendance
Dato' Sri Dr Tiong Ik King	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	Forbes Global CEO Conference	28-30 October 2014
Tiong Choon	PEAKS Leadership Breakthrough Training	14-15 July 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Tiong Chiong Hee	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
John Leong Chung Loong	Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is our line of defence adequate and effective?"	13 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Wong Lee Yun	Breakfast at Bursa Malaysia Enhancing Internal Audit Practice	13 August 2014
	Risk Management & Internal Control – Workshops for Audit Committee Members	13 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	ASEAN Business Club (ABC) Networking Luncheon	1 December 2014
	Khazanah Global Lectures 2014	2 December 2014
	CIMB Corporate Day	6 January 2015
	Excellence in Investing Luncheon	12 February 2015
	CIMB Investor Forum	28 May 2015
Datuk Talib Bin Haji Jamal	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

In presenting the annual audited financial statements and quarterly financial results to the shareholders, investors and Regulatory Authorities, the Board aims to present a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Board, assisted by the Audit Committee, oversees the integrity and reliability of the Group's financial statements. The Audit Committee members, who are financially literate, meet on a quarterly basis to review the financial statements prior to recommending them for the Board's approval and issuance to stakeholders. The Audit Committee also ensures that these financial statements comply with the applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial reports announced to Bursa Securities and the annual audited financial statements.

The Directors' Responsibility Statement in preparing the annual audited financial statements of the Group and the Company is set out on page 40 of this Annual Report.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5.2 Suitability and Independence of External Auditors

The Board has established procedures, via the Audit Committee, to assess the external auditors' suitability and independence annually based on the criteria set out in the Auditor Independence Policy.

The procedures, among others, include provision of a written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee, having assessed the independence of Messrs Ernst & Young as well as reviewed the level of non-audit services rendered by them for the financial year ended 30 June 2015 was satisfied with their competency and independence. The Audit Committee has recommended their re-appointment and shareholders' approval will be sought at the forthcoming AGM.

6. RECOGNISE AND MANAGE RISKS**6.1 Risk Management and Internal Control**

The ultimate responsibility for ensuring a sound system of risk management and internal control lies with the Board. The Group's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control on pages 33 to 35 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

6.2 Internal Audit Function

The Company has a dedicated internal audit function which provides independent and objective assurance on the adequacy and effectiveness of risk management, internal controls and governance processes covering all operations where the Group has management control. Details of the activities of the Internal Audit Function are set out in the Audit Committee Report of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**7.1 Corporate Disclosure Policy**

The Company is committed to promoting investor confidence by ensuring that material information concerning the Company are disclosed to the investing public timely and takes reasonable steps to ensure that those who invest in its securities enjoy equal access to such information.

To safeguard effective dissemination of information, the Company's internal Corporate Disclosure Policy and Procedure (CDPP) sets out roles and responsibilities of directors, management, employees and all other relevant persons in the handling and disclosure of material information to shareholders and market participants. It also serves to ensure that communications to the investing public about the Company are made in accordance with the continuous disclosure obligations imposed by the Listing Requirements of Bursa Securities and other securities law.

The Company views briefings with investors, analysts and media as important parts of a pro-active investor relations strategy. The Investor Relations Team communicates with shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.



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7.2 Leverage on Information Technology

The Company's website at www.jayatiasa.net provides easy access to information pertaining to the Company and activities of the Group and is kept up-to-date. It also stores all other corporate and financial information that had been made public, such as quarterly announcements of the financial results, annual reports, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Securities. All presentations to analysts and media are also made available to the public via the website.

To make it easier to obtain news releases and notifications, all shareholders and interested investors may sign up to the e-mail alert service via the website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**8.1 Shareholder Participation at Annual General Meeting (AGM)**

The AGM which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. The Notice of AGM is circulated more than twenty-one (21) clear days before the date of the meeting to enable shareholders sufficient time to go through the Annual Report.

The Article of Association of the Company gives proxy the same rights as the shareholder to speak at the general meeting and entitles a shareholder to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a shareholder of the Company.

8.2 Encourage Poll Voting

The Chairman informs shareholders of their right to demand a poll vote at the commencement of each general meeting. The resolution(s) put forth for shareholders' approval at the general meeting would be voted on by a show of hands if no poll is demanded.

8.3 Communication and Proactive Engagement

Communications with shareholders, stakeholders and the investing public are made through the annual general meeting and other general meeting, annual report, quarterly financial reports and various announcements made via Bursa Securities.

At the previous AGM, the Directors, Chief Financial Officer, senior management and external auditors were in attendance to engage directly with the shareholders. The proceedings of the AGM included a Q&A session during which the Chairman invited shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting each resolution to vote. The Chairman and the CEO also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

9. ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad.

9.1 Depository Receipts Programme

The Company did not sponsor any Depository Receipts programmes during the financial year ended 30 June 2015.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

9.2 Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority during the financial year ended 30 June 2015.

9.3 Variation in Results

The audited results for the financial year ended 30 June 2015 did not differ by 10% or more from the announced unaudited results. There were no profit estimates, forecasts or projections issued by the Group during the financial year ended 30 June 2015.

9.4 Profit Guarantees

There were no profit guarantees given by the Company or its subsidiaries during the financial year ended 30 June 2015.

9.5 Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involved directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2015 or entered into since the end of the previous financial year.

9.6 Status of Utilisation of Proceeds Raised from Any Corporate Proposal

The proceeds raised from the corporate placement in year 2012 have been utilised as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	%	Remark
Repayment of bank borrowings	110,000	106,200	within 6 months	3,800	3	
Construction of palm oil mills	235,000	227,919	within 24 months	7,081	29	
Working capital/ acquisitions	6,716	–	within 24 months	6,716	100	
Expenses in relation to the placement	6,500	5,948	within 3 months	552	8	
Short-term investment	–	7		(7)	–	(1)
	358,216	340,074		18,142		(2)

Remark:-

- (1) Short term money market placement.
- (2) Deviation is due to the difference between the actual and the estimated issue price of the placement share of 7.28%

9.7 Options or Convertible Securities

No options or convertible securities were issued by the Company during the financial year ended 30 June 2015.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

9.8 Non-audit fees

The non-audit fees paid to the external auditors and their affiliated company by the Group for the financial year ended 30 June 2015 amounted to RM493,200.

9.9 Share Buy-backs

During the financial year ended 30 June 2015, a total of 2,000 of the Company's own shares were purchased and retained as treasury shares. The monthly breakdown of shares bought back is set out below:-

Month	No. of Shares RM	Price		Average Cost RM	Total Cost
		Highest RM	Lowest RM		
August 2014	1,000	2.14	2.14	2.18	2,140
March 2015	1,000	1.86	1.86	1.90	1,903

As at the financial year ended 30 June 2015, a total of 5,724,000 shares were retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

9.10 Recurrent Related Party Transactions of A Revenue or Trading Nature

Related party transactions are disclosed in Note 33 on pages 114 to 120 of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 20 October 2015.

