



STATEMENT ON CORPORATE GOVERNANCE

Pursuant to Paragraph 15.25 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

INTRODUCTION

The Board of Directors of the Company ("Board") acknowledges the importance of adopting good corporate governance practices in discharging its duties and responsibilities, to safeguard the Company's assets and to enhance shareholders' value and financial performance of the Company and its subsidiary companies ("Group"). The Board has taken steps as diligent as practical and is committed towards adopting a corporate governance framework for the Group which complies with the principles of the Malaysian Code on Corporate Governance 2012 ("Code") with reference to the Corporate Governance Guide ("Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 May 2014.

The Board is pleased to report below the Group's application of the principles and the extent to which the Group has complied with the recommendations as set out in the Code throughout the financial year ended 31 May 2014.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

i. Clear functions of the Board and Management

The Board is responsible for the oversight and overall management of the business direction and objectives of the Group. The Non-Executive Directors are independent of the Management but will have free and open contact with the Management to ensure that approved targets and business plans are met.

The Management, under the direction and responsibility of the Executive Vice Chairman ("EVC"), is accountable for the day-to-day operations of the Group and implementation of the Board's decisions and policies.

ii. Clear roles and responsibilities of the Board

The principal duties and responsibilities of the Board are as follows:

- Formulating and charting the strategic direction and setting out short and long term plans and objectives of the Group;
- Reviewing, approving and adopting the Group's annual budgets, key operational initiatives, major investment and funding decisions;
- Overseeing and reviewing the Group business operation and performance within a systematic and controlled environment;
- Establishing a succession plan for senior management;
- Overseeing the development and implementation of a shareholders' communication policy for the Company;
- Reviewing the risk management framework and adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group; and
- Promoting ethical and the best corporate governance cultures within the Group.

The Board played an active role in formulating the Group's strategic direction with the EVC and its Management team. The Board does not involve in the day-to-day business operation of the Group which are being delegated to the EVC and the Management team.

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The key matters reserved for the Board's approval include the Annual Business Plan, significant corporate proposals including mergers and acquisitions, Group business restructuring and new issue of securities; acquisitions and disposal of significant assets and expenditure above a certain amount. The EVC has an overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the management team and the various divisional heads.

The roles of the Non-Executive Chairman and the EVC are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a Non-Executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities.

At the beginning of each financial year, the EVC and the Management would present the strategy for the new financial year together with the annual budget and financial performance forecasts to the Board for approval. The Board would appraise the Group's actual business and financial performances against the results in the previous year and as well as the budget and forecasts at the quarterly Board meetings. At the quarterly Board meetings, the EVC would provide the Board with an update on the Group's key strategic initiatives and key operational issues.

The Board has established an Audit Committee and a Remuneration & Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at its respective meetings. Minutes of the Board Committee meetings are also enclosed together with the Board papers for the Directors' attention.

The activities of the Audit Committee and the Remuneration & Nomination Committee are further discussed in separate sections of this Statement.

iii. Formalised Ethical Standard Through Code of Ethics

The Board adheres to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia in discharging its overall role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and act in good faith in the best interest of the Company and its shareholders.

iv. Strategically Promoting Sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Group, the benefit of which are believed to translate into better corporate performance. During the financial year ended 31 May 2014, the Group has carried out such activities thus far, demonstrating the Group's commitment to the global environmental, social, governance and sustainability agenda, as appeared in page 33 of this Annual Report.

v. Access to Information and Advice

All Directors have unrestricted access to information of the Group and on an on-going basis, the Directors interact with the Management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. The Directors have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

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Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contained minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly Interim Financial Reports or the annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings.

Senior management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals were invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making.

vi. Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified and competent Company Secretaries. The Company Secretaries regularly update and appraise the Board on new regulations issued by the regulatory authorities. The Company Secretaries attend and ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretaries worked closely with the Chairman and the EVC to ensure that there are timely and appropriate information flows within the Board and to the Board Committees and to the Management.

vii. Formalise and Review of Board Charter

The Board is mindful of the need to safeguard the interest of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter. A copy of the Company's Board Charter is available at the Company's website at www.ancomlogistics.com.my.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their role and responsibilities to ensure accountability. The Board Charter focuses on the following areas:

- Board composition and Board Committees;
- The duties and responsibilities of the Board members; and
- The Code of Ethics for the Board members.

The Board Charter shall be reviewed and updated from time to time to reflect changes to the Board's practices and amendments of the relevant rules, requirements and regulations.

2. STRENGTHEN COMPOSITION

The Board comprises seven (7) Directors, two (2) of them are Executive Directors, and five (5) are Non-Executive Directors, including the Non-Executive Chairman who is an Independent Director. Three (3) of the Non-Executive Directors are Independent Directors. The composition of the Board complied with the Listing Requirements which required at least one-third (1/3) of its members to be Independent Directors.

The Board comprises Directors who are persons of caliber and credibility with extensive expertise and wealth of experience in legal, accounting, corporate finance, marketing, public services and business practice to augment the Group's continuous growth and prosperity.

The profile of the Directors is set out in pages 6 to 9 of this Annual Report.

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The presence of a majority of Non-Executive Directors on the Board provided the necessary check and balances on the conduct on the EVC in managing the business of the Group. The Independent Non-Executive Directors are not employees of the Group and do not participate in the day-to-day operations of the Group. They are all independent of management and are free from any business or other relationship which would materially interfere with the exercise of their independent judgement. They are people of caliber, credibility and have the necessary skill and experience to bring an independent judgement on the issues of strategy, business performance, resources and standards of conduct. They provide independent views in the Board's discussions. They are involved actively in the Board Committees of the Company.

i. Remuneration and Nomination Committee

The Board has combined the functions of the Remuneration Committee and Nomination Committee into one Remuneration & Nomination Committee ("R&N Committee").

The Terms of Reference of the R&N Committee can be found in the Company's website at www.ancomlogistics.com.my.

During the financial year ended 31 May 2014, the members of the R&N Committee, all of whom are Non-Executive Director, are as follows:

Lim Hock Chye (Independent Non-Executive Director) - Chairman,
Safrizal Bin Mohd Said (Independent Non-Executive Director) - Member
Dato' Abdul Latif Bin Abdullah (Independent Non-Executive Director) - Member
Abdul Latif Bin Mahamud (Non-Independent Non-Executive Director) - Member

The R&N Committee is responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committee as a whole, its Directors individually and collectively. Should there be any Board vacancy or should there be any need for new blood and talent in the Board, the R&N Committee is responsible for identifying and recommending suitable candidates for Board memberships. In such evaluation, the R&N Committee would consider the candidates' qualifications, skill, knowledge, expertise and experience, professionalism, integrity and in the case of independent non-executive directors – the candidates' ability to discharge such responsibilities and functions expected from them. The Board is also responsible for reviewing the gender diversity in the Board composition.

Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committee on an annual basis, with a view to meeting current and future requirements of the Group. The Board evaluation comprises a Board and Board Committee assessment, an individual assessment and an assessment of independence for Independent Directors.

The result of assessment would form the basis of the R&N Committee's recommendation to the Board for the re-election of Directors at the annual general meeting ("AGM") and also for new appointment.

During the financial year under review, the R&N Committee, after reviewing the current compositions of the Board and the Board Committee, is satisfied that the composition of the Board and Board Committees are appropriate in terms of the required mixed of skill and experience and core competencies as required under the Board Charter and the terms of reference of the Board Committees. Accordingly, the R&N Committee recommended that the current compositions of the Board and Board Committees be retained and no new appointment is recommended.

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The R&N Committee has not identified any woman candidate for appointment to the Board in the current year under review. The R&N Committee will keep a look out for suitable woman candidate for appointment to the Board and Board Committees in order to satisfy the gender diversity requirements by 2016.

Remuneration of Directors

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the Executive Directors in all its forms, drawing from outside advice as necessary at the Company's expense, taking into consideration the Executive Directors' responsibilities, contributions and performances, as well as the market-rate for similar positions in comparable companies. The R&N Committee is also responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fee, after taking into account comparison with payment by similar companies, to the Board for its endorsement.

It is the ultimate responsibility of the Board as a whole to decide the remuneration for the Directors. The Directors' fees would be submitted to the shareholders for approval at the annual general meeting of the Company.

The R&N Committee also reviewed the remuneration of the Executive Directors including the EVC and made recommendation on the same for the Board's approval. The Executive Directors did not participate in the Board deliberation on their remuneration at the Board meeting. The remuneration of the Executive Directors comprises of monthly salary, bonuses, BIK and other benefits that the Board will approve from time to time. The Executive Directors are not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings they attended.

The EVC did not received any remuneration, other than the proposed Director's bonus of RM100,000/- mentioned below, during the financial year.

The following are the remuneration of the Non-Executive Directors of the Company:

Directors' Fee

For the last financial year, the Chairman of the Board and the Non-Executive Directors of the Board received RM60,000/- and RM50,000/- respectively as Directors' fee per annum. The members of the Audit Committee received RM15,000/- each while the members of the R&N Committee received RM5,000/- each per annum. These were as recommended by the R&N Committee and the total Directors' fee of RM325,000/- was approved by the shareholders at the 47th AGM of the Company.

In addition, the Non-Executive Directors also received attendance allowance amounting to RM416.67 for each Board and Board committee meeting attended. Other than the Non-Executive Chairman who is provided with a car, the other Non-Executive Directors are not entitled to any BIK.

During the financial year under review, the holding company of the Company has engaged a firm of consultants to provide a review of the director's fee for non-executive directors of 30 Malaysian Public Listed Companies listed on the Bursa Securities, based on their most recent annual reports as at 1 January 2014.

Based on the above and the members' personal experience, the R&N Committee is of the opinion that the amount of Directors' fee and allowances paid in the previous year were reflective of the market rates and had recommended the same amount of remuneration be paid to the Non-Executive Directors in the current financial year.

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The Board has endorsed the R&N Committee's recommendation and will propose the same quantum of Directors' fee for the Board and Board Committees for the current financial year subject to the approval of the Company's shareholders at the forthcoming AGM.

Directors' Bonus

During the financial year, the Group completed the disposal of its wholly-owned subsidiary, SinSenMoh Transportation Pte Ltd ("SSM") for cash consideration. The proceeds from the disposal totaling RM46.9 million, was used inter-alia, to fund the payment of a special cash dividend of 4 sen each per share and a capital repayment of 4 sen each per share, both of which were completed during and after the financial year, involving a total cash proceeds of RM37.9 million.

In recognising the Directors' effort in concluding the Disposal which spanned over a period of more than a year, the Board has decided that the following bonuses shall be payable to the Directors, subject to approval from the shareholders at the forthcoming AGM:

- **Bonus amounting to RM100,000/- each**

Dato' (Dr) Siew Ka Wei;
Lim Hock Heng;
Edmond Cheah Swee Leng; and
Abdul Latif Bin Mahamud.

- **Bonus amounting to RM200,000/- each**

Dato' Abdul Latif Bin Abdullah;
Safrizal Bin Mohd Said; and
Lim Hock Chye.

Total Directors' Remuneration

Subject to the approval of the Company's shareholders on the Directors' fee and Directors' bonus at the forthcoming 48th AGM of the Company, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year are disclosed in Note 8 of the audited Financial Statements. The Directors' remuneration in bands of RM50,000/=-, are as shown below:

Remuneration in bands of RM50,000	Executive Directors	Non-Executive Directors	Total
RM50,001 to RM100,000	1	-	1
RM150,001 to RM200,000	-	2	2
RM250,001 to RM300,000	-	3	3
RM1,650,001 to RM1,700,000	1	-	1
Total	2	5	7

Including the Directors' bonus.

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for the benefit of all the Directors. The D&O insurance covers the defense costs and legal representation expenses of the Directors in respect of actions against them in respect of liabilities arising from them acting in their capacity as Director of the Company and/or its subsidiaries. It does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

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3. REINFORCE INDEPENDENCE

Assessment of Independence

The Board, through the R&N Committee, assessed the independence of the Independent Directors. The criteria of an independent director includes the following:

- The independent director is neither an employee nor is related to any major shareholders/management of the Group and do not participate in the day-to-day operation of the Group and has fulfilled the definition of "independent directors" in the Listing Requirements;
- He/she is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgment on matters on hand; and
- He/she is a person of caliber, credibility and has the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct. He/she is able to provide independent views in the Board's discussion.

Tenure of Independence

The Board noted Recommendation 3.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

From the date the Independent Directors were appointed, they were required to provide an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Paragraph 1.01 of the Listing Requirements.

The Board is of the view that the length of service of the Independent Directors should not affect a directors' independence but rather the important criteria that must be possessed by the Independent Directors are their independence from Management and they are free from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. In addition, as the Board had adopted the criteria set out under the definitions of "independent director" in the Listing Requirements to assess independence of directors, accordingly, the Board believes that Recommendation 3.2 of the Code (assessment of independent director should also include tenure) and Recommendation 3.3 of the Code (the Board is allowed to seek shareholders' approval for Independent Directors after nine (9) years tenure to remain as independent directors) are irrelevant. Pursuant thereto, the Board is satisfied that Lim Hock Chye and Safrizal Bin Mohd Said have fulfilled the criteria and would continue to retain them as Independent Directors of the Company, notwithstanding that they have served as Independent Directors of the Board for more than nine (9) years as at 31 May 2014.

Separation of the Positions of the Chairman and the EVC

The position of the Chairman and the EVC are held by 2 different persons with different roles and responsibilities. The distinct and separate roles of the Chairman and the EVC, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.

During the financial year, the composition of the Board complied with the Listing Requirements which required at least one-third (1/3) of its members to be Independent Directors. However, the composition does not comply with Recommendation 3.5 of Code which requires that where the Chairman of the Board is not an Independent Director, the Board must consist of a majority of Independent Directors. The Chairman of the Board, Dato' Abdul Latif Bin Abdullah, was a Non-Independent Non-Executive Director while the Board consisted of four (4) Non-Independent Directors and three (3) Independent Directors.

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The Board was satisfied that the Board composition was in the interest of the Company despite the non-compliance. Dato' Latif as the Chairman of the Board is an experienced businessman as well as being board director of other listed companies in Malaysia. He is able to provide strong leadership to the Board by marshaling the Board's priority more objectively in the absence of him having any business relationship with the Group.

Dato' Latif has been redesignated as an Independent Non-Executive Director on 15 August 2014.

4. FOSTER COMMITMENT

All the Directors have committed sufficient time to carry out their duties for the tenure of their appointments. To ensure that the Directors have the time to focus and fulfill their roles and responsibilities, the Directors do not hold more than five (5) directorships in public listed companies as required in the Listing Requirements.

To help the Directors in planning their attendance at the Board and committees' meetings, at the end of each calendar year, the Company Secretaries would draw a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year. Reminders were also sent to the Directors prior to each of the Board/Committee meeting.

The Directors are also required to inform the Board should they accept new board directorship in other public listed companies.

Board Meetings

The Board holds its Board meetings quarterly and additional meetings were convened as and when necessary as determined by the Chairman. The attendance records below indicate the level of commitment of the Director in carrying out their duties as Directors of the Company.

The Board held four (4) Board meetings while the Audit Committee and the R&N Committee held five (5) and one (1) meetings respectively during the financial year. The attendance record of the Directors is as follows :

Attendance at Board meetings	Attendance
Name of Directors	
Dato' Abdul Latif Bin Abdullah	3/4
Dato' (Dr) Siew Ka Wei	2/4
Lim Hock Heng	3/4
Abdul Latif Bin Mahamud	4/4
Safrizal Bin Mohd Said	4/4
Edmond Cheah Swee Leng	4/4
Lim Hock Chye	4/4
Attendance at Audit Committee meetings	Attendance
Name of Directors	
Safrizal Bin Mohd Said	5/5
Abdul Latif Bin Mahamud	5/5
Lim Hock Chye	5/5

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Attendance at R&N Committee meeting Name of Directors	Attendance
Lim Hock Chye	1/1
Dato' Abdul Latif Bin Abdullah	1/1
Lim Hock Chye	1/1
Abdul Latif Bin Mahamud	1/1

In addition, all the Directors have attended the Company's AGM and the extraordinary general meeting in November 2013.

All the Directors have attained the minimum attendance during the financial year as required under the Listing Requirements.

Continuing Development Programme and Training

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

The Board has assume the onus of determining and overseeing the training needs of the Directors and will encourage Directors to attend courses, seminars and trainings to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment to effectively discharge their responsibilities. In addition to the updates on relevant guidelines and statutory and regulatory requirements provided by the Company Secretaries from time to time, the Directors have on their own initiative requested to attend courses, according to their individual needs as a Director or as members of a Board committee on which they serve.

The following are the seminars/courses/trainings attend by the Directors during the financial year:

Dato' Abdul Latif Bin Abdullah

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Dato' (Dr) Siew Ka Wei

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Lim Hock Heng

- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Abdul Latif Bin Mahamud

- Tricor GST Conference organised Tricor Knowledge House Sdn Bhd in January 2014.

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Safrizal Bin Mohd Said

- Risk Management and Internal Control workshop organised by Bursa Malaysia in May 2013.

Edmond Cheah

- The New Landscape for Global Political Risk Management organised by Bursatra Sdn Bhd in July 2013; and
- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide -2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Lim Hock Chye

- Directors Training on Enterprise Risk Management organised by HELP University in June 2013; and
- In-house Corporate Training Programme on "Role & Responsibilities of Directors Under the Listing Requirements" and "Updates on Corporate Governance Guide - 2nd Edition" conducted by Tricor Knowledge House Sdn Bhd in May 2014.

Re-election of Directors

In accordance with the Company's Articles of Association, a Director is subject to retire and be eligible for re-election at the first annual general meeting of the Company after his appointment.

The Articles also provide that at least one-third (1/3) of the Board, who are longest in office since their last election, shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The Group Managing Director does not have a service contract which the notice period for termination is more than one year. The Group Managing Director is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

The motions to re-elect Directors is voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the AGM without any vote against it.

The R&N Committee is responsible for making recommendation to the Board on the re-election of Directors who are re-retiring pursuant to the Articles of Association of the Company. Accordingly, two (2) Directors retired by rotation at the 47th AGM of the Company on 23 November 2013 and were re-elected to the Board by the Company's shareholders.

To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election were furnished in the Annual Report.

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5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Group in the annual Audited Financial Statements and the quarterly Interim Financial Reports of the Company and of Group in accordance with the Companies Act, 1965 ("CA"), the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Listing Requirements.

The Directors are responsible for keeping proper accounting records which disclosed with reasonable accuracy the financial position of the Company and the Group, to enable them to ensure that the financial statements comply with the CA, the MFRS and the Listing Requirements.

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 34 of this Annual Report.

The Group's Quarterly Interim Financial Reports are reviewed by the Audit Committee together with the Management while the annual Audited Financial Statements are reviewed by the Audit Committee together with the Management and the External Auditors. Thereafter, the Audit Committee will recommend to the Board to approve same prior to releasing to Bursa Securities within the stipulated time frame. The Audit Committee also provides assurance to the Board with support from the External Auditors that all the statutory financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial positions.

The Board has a formal and transparent relationship with the External Auditors. The Audit Committee would undertake an assessment of the suitability and independence of the External Auditors annually. The assessment would focus on whether there exist any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest situation arising therefrom including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivities in carrying out their responsibilities entrusted on them.

The Audit Committee, upon satisfying itself with the independence of the External Auditors, would recommend to the Board on the appointment of External Auditors which is subject to the approval of the shareholders of the Company at the AGM. The Board will however determine the External Auditors' remuneration as authorised by the shareholders at the AGM.

Whenever required, the Audit Committee would hold private sessions with the External Auditors in the absence of the Management to discuss about the issues affecting the Group, if any.

6. RECOGNISED AND MANAGE RISKS

The Board acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls to identify risks in the operation, financial and to design measure to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit Committee, seeks the regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditor and the External Auditors.

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As per its Terms of Reference, the Audit Committee has been explicitly accorded the power to appoint, to decide on the remuneration and the resignation/dismissal of the Internal Auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. It would also approve the Internal Audit plan and review and assess the performance of the internal audit function.

The report of the Audit Committee is separately set out in pages 27 to 29 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

In line with the Listing Requirements and best practices, the Company must disclose to the public all material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's Investor Relation ("IR") portal (www.ancomlogistics.com.my), and that such information should be handled properly to avoid leakage and improper use of such information.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his choice of actions.

The Company Secretaries are responsible to compile such information for the approval of the Board soonest possible and he shall release such information to the market in accordance with the Listing Requirements.

The Company's IR portal (www.ancomlogistics.com.my) provides all relevant corporate information and it is accessible by the public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Investors' Relations and Shareholders' Communication

The Board recognises the importance of transparency and accountability to its shareholders and the need for regular, effective and comprehensive communications with the Company's shareholders and investors. The Company maintained active communications with its shareholders and investors on the Group's performance, business activities, financial performance, material information and corporate events through the issuance of annual reports, announcements, quarterly financial reports, circulars and press releases.

The Company has established an IR portal at www.ancomlogistics.com.my for the benefits of the shareholders and investors. Copies of the Company's Annual Reports, quarterly Interim Financial Reports, announcements, circulars and press releases, as well as Company's share prices performances and financial ratios are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

Shareholders and investors are also able to pose questions and queries to the Company via the IR portal and these questions and queries would be attended to the Company's senior management or the Board, as the case maybe.

The Board also encouraged shareholders to communicate with the Company through other channels. The Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.ancomlogistics.com.my or e-mail at corp@ancom.com.my.

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General Meetings

The Company's general meeting is the principal forum for dialogue between the Company and its shareholders.

At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and on the resolutions being proposed at the meetings. The EVC would give a briefing on the performance during the financial year and his view and insights on the future prospects of the Group's businesses. The Chairman, when presenting the agenda items for voting, would give a brief background on the items to be voted and shareholders are invited to give their views and comments before voting took place.

Shareholders would be informed of their right to demand for a poll vote on the resolutions before the commencement of the general meeting. In line with the Listing Requirements to encourage more shareholders participation at the Company's general meetings, the Company allows its member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him and that the proxy so appointed may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Articles of Association explicitly allow the right of a proxy to speak at general meetings.

The Company holds its general meetings at venue that is easily accessible by the shareholders and at a time convenient to the shareholders to encourage them to attend the meetings.

The Company held its 47th AGM at the Hilton Petaling Jaya at No 2 Jalan Barat, 46200 Petaling Jaya. The Notice of the AGM and the annual Audited Financial Statement and the related circulars were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice was advertised in a national English newspaper within the prescribed deadlines. All the Directors and a total of 551 shareholders and proxies attended the 47th AGM.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link and on the Company's IR portal on the same day after the conclusion of the AGM.

Proceedings of the AGM were properly minuted and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

The Notice for the forthcoming 48th AGM of the Company, which will be held on 20 November 2014, is on pages 114 to 116 of this Annual Report.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and will continually improve on the Group's corporate governance practices and structure to achieve an optimal governance framework.