

# Corporate Governance

The Board of Directors of EA Holdings Berhad is fully committed towards ensuring that the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and practiced by the Group. The Board is pleased to report to the shareholders on how the Group has applied all the eight (8) principles of the Code and the extent to which it has complied with the recommendations of the Code.

## BOARD OF DIRECTORS

### Roles And Principal Responsibilities

The Board has overall responsibility for the corporate governance, proper conduct and strategic direction of the Group. The Board delegates authority and vests accountability for the Group's day to day operations with a management team led by the Group's CEO, En. Mohammad Sobri bin Saad. The Board, however, assume responsibility for the following areas :-

- a) Reviewing and adopting a strategic plan for the Group;
- b) Overseeing the conduct of the Group of the Group's business to evaluate whether the business is being properly managed;
- c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- d) Succession planning;
- e) Developing and implementing an investor relations programme and shareholder communications policy for the Group; and
- f) Reviewing the adequacy and the integrity of the Group's internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### Roles of the Chairman and CEO

The roles and responsibilities of the Chairman of the Board and the CEO are exercised by different individuals, and are clear and distinct. The Chairman's primary role is to lead and manage the Board, which would include, amongst others, leading the Board in the oversight of the management, ensuring the integrity of the corporate governance process and issues, guiding and mediating Board actions with respect to organisational priorities and governance concerns.

The CEO is responsible for the development and implementation of strategy, overseeing and managing the day to day operations of the Group, such as, amongst others, developing long-term strategic and short-term cash flow plans, directing and controlling all aspects of business operations, overseeing the human resources need of the Group and ensuring compliance with all governmental procedures and regulations.

### Role of the Senior Independent Director

The Senior Independent Director is Choo Seng Choon. His role includes being the point person for the shareholders to raise their concerns that cannot be resolved through the existing investor communication channels.

### Diversity of the Board

There is currently no woman on the Board. However, the Board does not have a formal policy on boardroom diversity, in particular, in meeting the goal of achieving more women participation on Board as recommended by the Code. Notwithstanding this, the Board is committed to ensuring that the directors of the Company possess a broad balance of skills, knowledge, experience, independence and diversity, including gender diversity.

### Succession Planning

The Board reviews the Group's talent management plan and human resources initiatives on a regular basis, to ensure continuity of key critical positions and to guide developmental activities.

### Board Charter

In 2014, the Board had approved and adopted a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by the regulatory authorities. The charter is regularly reviewed and updated to ensure its consistency with the Code. The Board Charter is available on EAH's corporate website at [www.eah.com.my](http://www.eah.com.my).

# Corporate Governance

(Continued)

## Composition and Balance

The Group is led and managed by a well-balanced Board which consists of members with wide range of business, technical and financial background in ensuring that the Group achieves the highest standard of performance, accountability and ethical behaviour as expected by the stakeholders.

The Board is made up of five (5) members, consisting of two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Board has a balanced composition of Executive and Non-Executive Independent Directors such that no individual or group of individuals can dominate the Board's decision making powers and processes. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of products.

The profiles of the Directors are presented on page [x] to [x] of this annual report.

Mr Choo Seng Choon was appointed as the Senior Independent Non-Executive Director, to whom the concerns by the public and external stakeholders can be addressed.

## Reinforced Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. The Independent Non-Executive Directors are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent Directors and is satisfied that they are able to discharge their responsibilities in an independent manner.

None of the current independent Board members had served the Company for more than nine years as per the recommendation of the Code. Should the tenure of an independent Director exceed nine years, shareholders' approval will be sought at a General Meeting or if the services of the Director concerned are still required, the director concerned will be re-designated as a non-independent Director.

There is clear separation of powers between the Chairman, who is an independent Director and the CEO, and this further enhances the independence of the Board. Should any Director have any interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

## Board Commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group, including attendance at Board, Board Committee and other types of meetings. Directors are required to provide notification to the Chairman when accepting any new appointment on the boards of other companies, to ensure that there is no potential conflict of interest. Any changes of their directorships would be tabled at the quarterly Board meetings for the Board's review. The Board is satisfied with the level of time committed by its member in discharging their duties and roles as Directors of the Company. All the Directors have complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on the limit of five (5) directorship in public listed companies.

## Board Meetings And Supply of Information to the Board

The Board will meet at least four (4) times a year with additional meetings being held as and when required. For the financial period ended 31 March 2016, six (6) Board meetings were held.

The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the matters to be discussed such as financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All deliberations, issues discussed and decisions made at the Board meetings were properly recorded to provide a record and insight into those decisions. Senior management were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendations to the Board if matters are beyond their authority limit.

# Corporate Governance

(Continued)

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on matters being deliberated.

The attendance of the Directors at Board meetings during the financial period are as shown below:

No.	Name Of Members	Designation	Attendance	% Of Attendance
1	Dato' Azahar bin Rasul	Chairman, Independent Non-Executive Director	6/6	100%
2	Mohammad Sobri bin Saad	Executive Director/CEO	6/6	100%
3	Basir bin Bachik	Executive Director	6/6	100%
4	Choo Seng Choon	Independent Non-Executive Director	6/6	100%
5	Abdul Fattah bin Mohamed Yatim	Independent Non-Executive Director	6/6	100%

## Directors' Training

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development and the Board would also continually assess the training needs of the Directors as part of their obligation to update and enhance their skills and knowledge in order to effectively carry out their duties and responsibilities.

During the financial period ended 31 March 2016, the Directors had attended the following training programmes :-

Directors	Title
Dato' Azahar bin Rasul	GST preparation and basic store management held in February 2015
Mohammad Sobri bin Saad	Amendments to the listing requirements for related party transaction held in February 2015
Basir bin Bachik	Amendments to the listing requirements for related party transaction held in February 2015
Choo Seng Choon	Amendments to the listing requirements for related party transaction held in February 2015
Abdul Fattah bin Mohamed Yatim	Workshop organised by the Industry Standards Committee on Information Technology, Communications and Multimedia in September 2015

## Appointment and Re-election

One third (1/3) of the Board shall retire from office and are eligible for re-election at each Annual General Meeting and all directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

# Corporate Governance

(Continued)

## Board Committees

### (a) Audit and Risk Management Committee

The terms of reference of the Audit and Risk Committee are set out on page [x] to [x] of the annual report.

### (b) Nomination Committee

The Nomination Committee comprises exclusively of independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Dato' Azahar bin Rasul	Member
Abdul Fattah bin Mohamed Yatim	Member

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feel would be of good value and a complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration. In carrying out its duties and responsibilities, the Nomination Committee have full, free and unrestricted access to any information, record, properties and personnel of the Group. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Nomination Committee attendance :-

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Dato' Azahar bin Rasul	1/1	100%
3	Abdul Fattah bin Mohamed Yatim	1/1	100%

### (c) Remuneration Committee

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors as follows :-

Choo Seng Choon	Chairman
Dato' Azahar bin Rasul	Member
Abdul Fattah bin Mohamed Yatim	Member

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive Chairman and non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are market competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-Executive Directors' package primarily consists of fees only.

# Corporate Governance

(Continued)

The remuneration packages for the Directors for the financial period ended 31 March 2016 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	372	-
Fees	-	83

The number of Directors whose remuneration falls into each band of RM50,000 are set as follows :-

	Number of Directors	
	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	2	-

Nomination Committee attendance :-

No.	Name Of Members	Attendance	Percentage
1	Choo Seng Choon	1/1	100%
2	Dato' Azahar bin Rasul	1/1	100%
3	Abdul Fattah bin Mohamed Yatim	1/1	100%

## Qualified and Competent Company Secretary

The Board is supported by qualified Company Secretary. The role and responsibilities of the Company Secretary include, amongst others, advising the Board on compliance issues, attending meetings of the Board and Board committees and to regularly update and advise the Board on new statutory and regulatory requirements.

## SHAREHOLDERS

### Investors Relations and Shareholders Communication

The Board recognizes the importance of keeping all shareholders informed of the Group's business and corporate developments. Such information is disseminated through the Group's quarterly results, annual reports and through various disclosures via Bursa Malaysia Securities Berhad's website.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors and shareholders.

### Annual General Meeting

The Annual General Meeting (AGM) is an important forum for communication and dialogue between the Group and the shareholders to raise questions or to inquire more information on the Group's development and financial performance. The CEO and Board members are present to address all shareholders' queries on issues relevant to the Group. However, if the queries raised are not immediately answerable during the AGM, the CEO will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting.

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

# Corporate Governance

(Continued)

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board considers that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates. A balanced and understandable assessment of the Group's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results and annual financial statements are reviewed by the Audit and Risk Management Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

### Internal Controls

The Board of Directors recognises the importance of an effective system of internal controls covering the financial, operations and compliance controls as well as risk management to safeguard the interests of the shareholders and stakeholders of the Group. The Board reviews the effectiveness of the internal control system through the Audit and Risk Management Committee with the assistance of the outsourced independent Internal Auditors, which carried out risk assessment and auditing of different areas of the business covering financial, operational and compliance.

### Relationship With Auditors

The Audit and Risk Management Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit and Risk Management Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's External Auditors. The Audit and Risk Management Committee has met the External Auditors twice to review and discuss the audit plan, scope and nature of the audit, audit findings and financial statements for financial period ended 31 March 2016. These meetings were conducted without the presence of the Executive Directors and the Company's management staff. An assessment of the performance of the External Auditors were undertaken by the Audit and Risk Management Committee based on the following areas :-

- (a) The quality and rigour of the audit performed;
- (b) The quality of service provided;
- (c) The audit firm's reputation; and
- (d) The independence of the external auditors.

Based on the assessment undertaken, the Audit and Risk Management Committee believes that the independence of the External Auditors have been maintained and that they have performed satisfactorily.

### Ethics

The Board is committed to ensure that all of its business activities operate with the highest standards of business ethics and integrity. The Company is currently in the process of formulating and drawing up a written policy for the Code of Conduct and Ethics for the Group's operation. The Group has also set in place whistleblowing reporting procedure to ensure transparency and accountability within the Group.

### Corporate Social Responsibility

EA Holdings Berhad recognises and adopts corporate social responsibility (CSR) commitments in our business operations as they have direct and indirect impact on the communities. Being a public listed company, EA Holdings upholds our responsibility to oblige to the statutory compliance of CSR and extend it further by implementing various measures of which are consistent with our stakeholder's best interest.

# Corporate Governance

(Continued)

We have adopted a CSR policy which could be applied into our operational activities and our employees day-to-day work activities.

## (a) The Community

The Group believes in the principles of respecting human rights, equality and fairness through non-discrimination on the basis of gender, race, or religion which are not relevant to employment. All employees are treated equally in the company.

## (b) The Marketplace

The Group is committed to maintain high standards of Corporate Governance and integrity within the company to promote confidence in management and governance standards besides meeting shareholder expectations and to benefit the stake of the shareholders.

## (c) The Workplace

The Group believes in protecting the health and safety of our employees and provides employees a quality work environment which complies with the health and safety standards as a good working environment would help to increase the employees' efficiency and productivity besides improving the quality of life of our employees. We also provide training to employees from time to time to enhance their skills and abilities which would offer excellent opportunities for personal and career development. In addition, we also organize activities, gatherings and outings to foster and cultivate closer ties within the Group. It also helps to produce dynamic workforce with a strong sense belonging.

## (d) The Environment

The Group understands the importance, impact and implications of our businesses to the environment and we implement environmental practices in our operations to conserve and minimize the impact to the environment.

### (i) Paperless environment

Staffs and clients are encouraged to fully maximize the benefits of ICT (eg email, instant messaging, etc.) for communication and only print hard copy when necessary. Moreover, in line with our aim to lower carbon footprints, the company will make its annual report available in softcopy on Bursa Securities and the company's websites.

### (ii) Recycling

Staffs are encouraged to print on both sides of the papers to minimize paper usage while unwanted papers and recyclable items are collected and sent to be recycled. This initiative is in place to support the government's Go Green effort.

### (iii) Energy saving

Employees are advised to switch off the lights and air conditioners when they are not in use to help to conserve energy.

## Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the Group are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs for the financial period ended 31 March 2016 and of the results and cash flows of the Company for that period.

The Board is also responsible for ensuring that the Group keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. The Board, with the assistance of the Internal Auditors, takes the responsibilities of safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.

## Compliance Statement

The Board believes that the Company has for the financial period ended 31 March 2016 followed the Principles and Recommendations of the Code in all material aspects.

This statement is made in accordance with the resolution of the Board dated 28 July 2016.