

CORPORATE GOVERNANCE STATEMENT

The Board of Malakoff Corporation Berhad (“Malakoff” or “the Company”) takes cognisance of the Malaysian Code of Corporate Governance 2012 (“**MCCG 2012**”) issued by the Securities Commission Malaysia, and is committed, where possible, having regard to the size and ownership of the Company, to achieving and sustaining high standards of corporate governance and compliance with all the MCCG 2012’s best practice recommendations.

The Company’s framework of corporate governance is also guided by and based on the corporate governance requirements of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and its Corporate Governance Guide: Towards Boardroom Excellence, 2nd Edition.

This Statement outlines the main corporate governance practices applied by the Company and its subsidiaries (“the Group”) throughout the year and its efforts in demonstrating good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices to balance the interests of all stakeholders, including its shareholders, management, customers, suppliers, business associates, regulatory bodies and the community. The Board, having approved the Corporate Governance Statement on 8 March 2016, wishes to report that since the Company obtained its listing status on the Main Market of Bursa Malaysia on 15 May 2015, the Group has followed, where possible, the recommendations of the MCCG 2012. The Board is also in the midst of implementing certain recommendations that have not been put in place.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(Principle 1 of the MCCG 2012)

a) Board Charter

The Board Charter clearly sets out the functions, responsibilities, and processes of the Board and ensures that Board members are aware of their roles and duties. This is pivotal to leading and managing the Group as a trusted leading independent power producer in the nation, as well as essential for realising long-term shareholder value.

The main task of the Board is to oversee the overall strategy and business direction of the Group in line with the Company’s vision and mission and to serve the best interests of the Company and its stakeholders. In order to ensure the continuous relevance of the Board Charter, the Board conducts periodic reviews of the Board Charter, when necessary. The Board Charter, which is available on the Company’s website, is subject to periodic reviews and updates to ensure compliance with regulatory requirements.



b) Principal Responsibilities and Functions of the Board

The Board's principal responsibilities are to provide guidance to the management with regard to the Group's strategic planning, business conduct, risk assessment and management, as well as financial and operational management activities. The Board is also tasked with providing counsel on acquisitions, divestment policies and succession planning, as well with reviewing the adequacy and integrity of the Group's system of internal control and its management information system.

The Board's primary responsibilities as set out in its Board Charter and which are in line with the best practices of the MCCG 2012 are set out below:

- (i) to review and adopt a strategic plan for the Group;
- (ii) to oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- (iii) to identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- (iv) to implement succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- (v) to develop and implement an investor relations programme or shareholders' communications policy for the Company;
- (vi) to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- (vii) to formalise ethical standards through a code of conduct and by ensuring compliance; and
- (viii) to ensure that the Company's strategies promote sustainability.

Annually, corporate key performance indicators ("KPIs") with quantifiable targets are set by the Board to ensure the Chief Executive Officer ("CEO") and the management team achieve the key result areas that the Board wishes the management to focus on so that the budget set for the year is met. The critical areas identified by the Board for 2016 include financials targets and the execution of business plans to increase the profitability of the Group. These areas carry the highest weightage for the Corporate KPIs set for 2016. The remuneration of the CEO and the management team will then be determined by their achievements in relation to the targets set out in the Corporate KPIs.

The Board continues to implement a succession management programme to ensure that at any point in time there is ready talent to undertake key and business critical positions across the Group. In the recently approved corporate KPIs for 2016, the Board had included succession planning and talent management as key areas that require management's attention. The management is required, through the Corporate KPIs, to achieve set targets for certain milestones under the succession planning and talent management programmes developed over the past few years. One of the strategies employed by the Company in increasing the number of internal successors is the development and implementation of succession plans for leadership positions. These key critical positions are identified and monitored through leadership development programmes, job rotation and other activities deemed appropriate. For talent management, the Company adopts an eclectic approach, which includes formal training by renowned experts, job assignments, stretched assignments, cross-divisional projects and active coaching and mentoring.

The Board Charter sets out the roles, duties, responsibilities and function of the Board whilst the Limits of Authority of the Group further define the matters specifically reserved for the Board and those delegated to the management. There are key matters which have been reserved by the Board for its deliberation and decision to ensure that the direction and control of the Group's business are within its control. These include amongst others, the following:

- adoption of an annual business plan and a budget forecast for four successive years thereafter;
- material acquisition and disposal or closure of businesses;
- establishment and development of new businesses via bidding exercises for new power generation and/or water desalination business locally and overseas, as the case may be;
- material capital investment for the Group;
- declaration of dividends and approval of financial statements, including accounting policies of the Group;
- financing of the Group's activities; and
- any corporate restructuring of the Group.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board is chaired by an Independent Non-Executive Director, and meets at least four times a year on scheduled occasions every quarter. If required, additional meetings are scheduled. To assist the Board in the discharge of its stewardship role, several board committees have been established, namely the Board Audit Committee (“**BAC**”), Board Risk Committee (“**BRC**”), Board Nomination and Remuneration Committee (“**BNRC**”) and Board Procurement Committee (“**BPC**”).

Prior to the BNRC’s formation on 23 November 2015, the remuneration and nomination matters of the Board were undertaken separately by the Remuneration Committee (“**RC**”) and Nomination Committee (“**NC**”). The Board had decided to merge these two committees to enable cohesive deliberation of remuneration and nomination matters which were often overlapping. The merger of these committees facilitated seamless decision making which more often than not involved both nomination and remuneration considerations. Today, all recommendations by the abovementioned committees are submitted to the Board for its consideration and approval.

The Board is ultimately responsible for the decision making of the matters discussed at these committees except for the BPC. The Board has delegated limited powers and authority to the BPC for the review and approval of material procurement for the Group at certain thresholds, depending on the type of procurements. All decisions made and approvals by BPC will be reported to the Board at the Board meetings of the Company. Any procurement proposal of the Group exceeding the thresholds delegated to the BPC is brought to the Board for its decision and approval.

c) Codes and Policies

(i) Code of Conduct

Following the listing of the Company in May 2015, the Board on 23 November 2015 had approved the adoption of the Code of Conduct (“**COC**”) which came into effect on 1 January 2016. The COC outlines the Group’s commitment to appropriate and ethical practices. All Directors and the employees of the Group are guided by the COC which sets out the principles, practices and standards of good personal and corporate behaviour. Failure to comply with the COC is tantamount to a serious breach and the appropriate actions will be taken by the Company for any non-compliance.

(ii) Whistleblower Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fault, fraud, safety violations or corruption are usually recognised first by the people at work within the Group. Therefore, it has put in place the Whistleblower Policy which serves as an early warning system to help the Company detect any wrongdoings and alert the management to take the appropriate corrective actions before a problem escalates into a crisis. It also serves to mitigate any possible harmful effects to the Group. The adoption of the Whistleblower Policy for the Group provides an avenue for employees to make good-faith reports on unlawful, unethical or unacceptable behaviour or conduct without fear of reprisal. The identity of the whistle-blower and the concerns raised are treated with utmost confidentiality.

(iii) Corporate Disclosure Policies and Guidelines

Recognising that the dissemination of information to shareholders and investors in a timely manner is essential, the Board has during the financial year, established the Corporate Disclosure Policies and Guidelines (“**CDP**”) to systematically guide the management. This is enabling comprehensive, accurate and timely disclosure of material information and corporate proposals pertaining to the Company and its subsidiaries to regulators, shareholders and stakeholders in line with the provisions under the Corporate Disclosure Guides issued by Bursa Malaysia.

The adopted CDP guides how material information is disseminated to investors, shareholders and other stakeholders of the Company. The CDP also identifies designated spokespersons to address third parties at different situations and forums.

(iv) **Related Party Transaction Policies and Procedures**

To assist the Board in complying with paragraphs 10.08 and 10.09 of the MMLR of Bursa Malaysia, the Board has approved an internal process which enables management to monitor and report related party transactions (“RPTs”) and recurrent related party transactions (“RRPTs”) entered into/to be entered into by the Group to the BAC on a quarterly basis. The Board through the BAC will ensure that the RPTs entered into/have been entered into by the Group (in the case of the RRPTs) have/are entered at an arm’s length basis, on normal commercial terms and are not detrimental to the minority shareholders of the Company.

A RPT Policies and Procedures have been developed and put in place for the Group to guide the Board and each employee as to their roles and responsibilities when a RPT/ RRPT is entered into by the Company and the Group. These set out the manner in which the RPTs and RRPTs should be approached before the Group enters into such transactions. These also spell out the process for monitoring, reporting and compliance as well as the various obligations of the Company and the Group under the MMLR of Bursa Malaysia when certain thresholds of the value of the transactions are triggered.

d) **Promoting Sustainability**

The Board is committed to promoting sustainability practices in the Group and to maintaining a good balance in relation to the environmental, social and governance aspects of the Group’s businesses. A report of the Company’s corporate responsibility initiatives are set out in pages 78 to 89 of this Annual Report.

In line with Bursa Malaysia’s call to switch the focus of the Company’s reporting from corporate social responsibility (“CSR”) to sustainability which covers a wider range of the Company’s management of material economic, environmental and social (“EES”) risks and opportunities, the Company will take steps to report the current EES practices which reside in different pockets of the organisation and will systematically plan its EES efforts as a group. The Company will also look into areas where EES efforts need to be enhanced. The Board acknowledges that a narrative statement on the Company’s management of material EES risks and opportunities is required for inclusion in the Annual Report effective from the issuance of the Annual Report on or after 31 December 2016, and will comply with this requirement accordingly.

e) **Access to Information and Advice**

In order to discharge its duties and responsibilities, the Board receives accurate, timely and clear information through the Company Secretary, under the direction of the Chairman. In addition to engaging the management for information, it has the opportunity to request for supplementary or explanatory information from the management. The management also provides periodic updates on issues, which require the Board’s close attention through electronic mail updates from the Company Secretary. Status updates on matters reported in the last Board meeting will be updated as part of matters arising from the previous meeting. This is now a fixed item on the agenda of scheduled Board meetings throughout the year.

From time to time, whenever the Board requires relevant information updates from any member of the management team, the relevant member of the management team is invited to attend meetings of the Board and its committees to provide the Board with any such relevant information or updates. External advisers may also be invited to attend Board and Board committee meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

Where necessary, the Board collectively and individually has the right to obtain external independent legal, accounting or other professional advice at the Company’s expense to assist with its decision-making process.

f) **Company Secretary**

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified, experienced and competent, advises the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Company, including fiduciary duties and responsibilities.

The Company Secretary organises and attends all Board and Board committee meetings as well as ensures meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company and produced for inspection if required. The removal of the Company Secretary is a matter for the Board to decide.

CORPORATE GOVERNANCE STATEMENT (continued)

2. STRENGTHEN COMPOSITION*(Principle 2 of the MCCG 2012)***a) Board Balance and Composition**

The Company is led by an experienced and dynamic Board which is chaired by an Independent Non-Executive Director. The Board comprises ten Directors, all of whom are entirely Non-Executive Directors. Of this number, five Directors are Independent Directors and the other five are Non-Independent Directors. Half of the Board comprises Independent Directors and this exceeds Bursa Malaysia's requirement for at least two Directors, or one-third of the Board members, whichever is higher, to be independent.

The size of and diverse personalities on the Board enable the Board to effectively discharge its duties and responsibilities to meet the Company's scope of business. The Board also has the right balance of members where the interests of the major shareholders of the Company are adequately represented whilst the presence of a 50 percent ratio of Independent Directors on the Board will ensure that the best interests of the minority shareholders are being served. With this, the Board is also fulfilling *Recommendation 3.5 of the MCCG 2012* whereby 50 percent of the Board comprises Independent Directors including the Chairman of the Company.

The Board comprises members with a good mix of skills, knowledge and attributes as they come from diverse academic and educational backgrounds and possess extensive experience and expertise in areas important to the Group such as accounting, business, corporate strategy, law, engineering, financial planning and corporate governance experience which are relevant to meet the complexities of the Group's businesses. The profile of each Director is set out in pages 22 to 33 of this Annual Report.

The Non-Executive Directors contribute their invaluable knowledge and business insights to ensure that all strategies proposed by the management are fully deliberated on and considered in line with long-term interests of the Group as well as its shareholders and stakeholders. The Board constitutes solely Non-Executive Directors who are committed to business integrity and professionalism in all their activities. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not personally engage in any business dealings or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interests of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to the management.

The presence of Independent Non-Executive Directors has encouraged independent judgement, evaluation and scrutiny in relation to decisions taken by the Board. The impartiality of these Directors, is also contributing significantly to the decision making process. Members of the Board have no personal interest or ties to the Group that could adversely affect the independence and objective judgment of the Board. In upholding independence that ensures objectivity and fairness in the Board's decision making process, the Board undertakes an annual assessment of all these Directors evaluating the manner in which each Director has discharged their duties and how they have deliberated the Company's proposals in compliance with *Recommendation 3.1 of the MCCG 2012*.

b) Re-election and Re-appointment of Directors

The Company's Articles of Association mandates that all Directors should submit themselves for re-election at least once every three years, in compliance with the requirements of Bursa Malaysia. The Articles of Association also mandates that one-third of the Board shall retire from office every year and shall be eligible for re-election at the Annual General Meeting ("**AGM**"). In this respect, Madam Cindy Tan Ler Chin, Datuk Idris Abdullah and Datuk Dr. Syed Muhamad Syed Abdul Kadir shall retire accordingly, and being eligible, will offer themselves for re-election at the Company's forthcoming AGM.

The Company's Articles of Association also states that any Director appointed in the case of a casual vacancy since the last AGM must also offer himself/herself for re-election at the next AGM. Therefore, Mr. Kohei Hirao who was newly appointed on 20 January 2016 shall retire accordingly and being eligible, will offer himself for re-election.

The performance and contribution of the Directors seeking re-election are to be considered and recommended by the BNRC before the names of these Directors are submitted and recommended by the Board to the shareholders for re-election into office. For the financial year in review, this was done through a Board assessment conducted by the Board whereby Board members were required to conduct a peer assessment of other Directors in areas pertaining to his/her knowledge, skills, qualifications and contributions to Board discussions, to name a few. The BNRC's recommendations on the Directors standing for re-election at the forthcoming AGM are stated in the Explanatory Note 2 under the Notice of AGM.

None of the Directors of the Company has attained the age of 70 where he/she shall retire and offer himself/herself for re-appointment pursuant to Section 129 of the Malaysian Companies Act, 1965.

c) Diversity

The Board acknowledges the importance of diversity as an essential measure of good corporate governance and a critical attribute of a well-functioning board. Diversified views enhance Board discussions and ensure that the decisions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The Board, through the BNRC, takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company, will be the overarching criteria when considering the selection of new candidates on the Board. Currently, Madam Cindy Tan Ler Chin, the nominee director of the Employees Provident Fund on the Board is the only female member of the 10 member Board, whilst Mr. Kohei Hirao, a Japanese national, fulfils the ethnicity and cultural diversity requirements for Board.

Although the Company does not currently have a written policy on diversity pertaining to the selection of its Board members, the Board has always taken into account diversity as one of the selection criteria of Board appointees as it recognises that a diversified Board will provide effective and dynamic discussions at the Board level. All of the board members except for Mr. Kohei Hirao, had been serving on the Board prior to the listing of the Company in May 2015.

The Board is also supportive of the recommendations of the MCGG 2012 concerning the establishment of boardroom and workforce gender diversity. The Board through the BNRC will give priority consideration to female candidates to fill any casual vacancy. Nevertheless, the evaluation of the suitability of candidates as a new Board member or for the workforce is largely dependent on the candidates' competency, skills, expertise, experience and commitment, regardless of gender.

d) Board Committees

Under the Company's Articles of Association, the Board has, amongst other things, the power to establish any committee for managing any of the affairs of the Company and may lay down, vary or annul such rules and regulations as it thinks fit for the conduct of the business thereof.

The Board currently has four Board committees, each of which is operating within their respectively defined terms of reference that are approved by the Board to assist it in discharging its responsibilities. The report on the proceedings of the committees' meetings, its recommendations, and activities are submitted to the Board by the Chairman of each of these Board committees at each of the scheduled Board meetings for the Board's evaluation and consideration. Ultimately, the final decision on the matters deliberated at the Board committees rest entirely with the Board except for the BPC, where it has been granted limited powers and authority to review and approve material procurements for the Group at certain thresholds, depending on the type of procurements. The terms of reference of the BPC are detailed herein.

i) BNRC

The BNRC which was recently formed and constituted by the Board on 23 November 2015 operates under its terms of reference as stated herein. Prior to the formation of the BNRC, the remuneration and nomination matters of the Board were separately considered by the RC and NC. The Board has decided to merge these two committees to enable cohesive deliberation of remuneration and nomination matters that often overlap.

Under its terms of reference, the BNRC shall comprise at least three members who are Non-Executive Directors, the majority of whom shall be Independent Directors. The Chairman of the Committee must be an Independent Non-Executive Director.

The BNRC is chaired by YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, the Chairman of the Company and an Independent Non-Executive Director, with the support of five others, three of whom are Independent Non-Executive Directors. Most of the members of the BNRC are former members of the NC and RC so that there is continuity in the implementation of policies recommended by the former NC and RC.

CORPORATE GOVERNANCE STATEMENT (continued)

One of the objectives of the BNRC is to assist the Board in fulfilling its corporate governance responsibilities with regard to nomination and remuneration matters of the Board and the Senior Management of the Company.

In this respect, the BNRC, under its terms of reference, is required to develop, review and recommend to the Board, the Policy on Board Composition, having regard to the mix of skills, knowledge, experience, expertise, independence and diversity (including gender, ethnicity and age) and other qualities required to facilitate effective and efficient functioning of the Board. This includes core competencies which the Non-Executive Directors should bring to the Board, and to annually review the same. Although there is currently no written policy with regard to Board composition within the organisation, the Board through the BNRC always considers the above factors when the Board appoints a new Director to the Board and when it annually assesses its Board composition in line with the needs and requirements of the operations of the Company.

The BNRC is also responsible to recommend the candidates for the Directors, CEO, the Executive Directors (if any) and the Senior Management of the Group by considering the prospective Director, CEO, Executive Director and Senior Management's character, experience, competence, integrity and time commitment, as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia.

Summary of Key Activities

Being a newly constituted committee, the BNRC held one meeting during the financial year under review where it considered and recommended the proposed Corporate KPIs for 2016 for approval by the Board.

Prior to the establishment of the BNRC, each of the NC and RC of the Company met three and four times respectively and undertook key activities, amongst others, as summarised below:-

- Recommended the composition of the newly formed BNRC of the Company and remuneration of its members ;
- Recommended the appointment of key personnel to the Group, namely, the Executive Vice President, Corporate and the Senior Vice President, Corporate Services Division, during the financial year and their remuneration packages;

- Recommended the assessment tool and approach for the Board assessment in respect of the performance of the Board, individual Directors and board committees for the period from January to December 2015. This assessment includes among other elements, the following:
 - review and assessment of the annual performance, composition and effectiveness of the Board and the board committees as a whole;
 - review of the annual independence assessment of the Independent Directors; and
 - review and assessment of the performance of Directors and to make recommendations to the Board with regard to the Directors who are seeking re-election, re-appointment and continuation in office at AGM;
- Recommended the Corporate KPI achievements for FY2014; and
- Recommended to the Board the remuneration review, annual salary increment for FY2015 and performance bonus for the Senior Management of the Company and all confirmed employees of the Group in general.

The first step taken by the Board after the listing in May last year, through the then NC was to carry out a Board assessment exercise to assess the size and composition of the current Board and Board committees as well as the effectiveness of each of these committees via feedback from the Board as a whole. Through its annual assessment and recommendations made by the BNRC, the Board believes that the current size and composition of the Board is conducive to making appropriate decisions and incorporates a diversity of perspectives and skills in order to represent the best interest of the Company as a whole.

In formulating remuneration levels, the BNRC considers the assessment on the performance of the CEO and the executive director against such targets as well as benchmarking to market rate for benefits-in-kind, annual increments and bonus and to make recommendations to the Board, whenever necessary. For the remuneration of the CEO and executive director(s), the BNRC reviews and recommends to the Board the contractual and remuneration arrangement to the remuneration policy.

Directors' Remuneration

The Board, through the BNRC, reviews the level of remuneration of Non-Executive Directors that reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company's operation and the industry. Their remuneration packages are benchmarked against the market once every three years to ensure that their remuneration packages remain competitive and relevant.

The aggregate remuneration of the Directors categorised into the appropriate components are enumerated in Note 35 of the Audited Financial Statements on page 247 of this Annual Report. Board fees and Board committee fees paid to the Directors during the financial year are summarised as follows:

Category	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	-	-
Fees	-	1,162,500
Meeting allowances	-	409,500
Other allowances	-	134,926
Other emoluments	-	346,359
Estimated monetary value of benefit-in-kind	-	44,400

The Directors' remuneration is broadly categorised into the following bands:

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	-	4
RM200,001 to RM250,000	-	3
RM350,001 to RM400,000	-	1

The Board is also conscious of the need to ensure proper processes are in place to deal with succession issues at Board level. There is a thorough process for the selection, nomination and appointment of suitable candidates to the Board as well as diversity in the Board, as it is recognised that a Board with diversified members will lend to more effective and dynamic discussions at the Board level.

CORPORATE GOVERNANCE STATEMENT (continued)

ii) BPC

The Board, had on 21 August 2015, approved the formation of the BPC as a committee to review and approve the procurement activities of the Group within its authority limits under the Company's Limits of Authority. With the formation of the BPC, the Board can now fully focus on critical business and strategy matters whilst due attention is given by this committee to review and approve procurement activities undertaken by the management for the Group.

The BPC comprises four members who are Non-Executive Directors with one member who is an Independent Director. The eligibility of Directors to serve as a committee member of the BPC shall automatically cease once they no longer serve as a Director of the Company. The BPC is chaired by the Non-Executive Non-Independent Director.

The BPC shall convene meetings as and when required to deliberate the procurement award recommendations to meet the business needs of the Group. Since its formation, the BPC had over the course of the financial year under review, approved one procurement on the recommendation of the Company's Management Procurement Committee ("MPC"). All decisions of the BPC are made known to the Board at the next best opportunity to keep them informed.

In fulfilling its objectives, the BPC undertakes the following functions, roles and responsibilities:

- to review, evaluate and approve or disapprove procurements by the Group in accordance to the Limits of Authority approved by the Board; and
- to assist the Board in regulating compliance in line with the Group's Procurement Policies and Procedures.

(iii) BRC

The BRC which was established on 25 November 2014, comprises four Non-Executive Directors, two of whom are Independent Directors. The BRC, chaired by an Independent Non-Executive Director of the Company, is a dedicated committee formed by the Board to provide oversight of the key risks that the Group faces and must manage. It allows in-depth deliberation and focuses on the risk management activities of the Group by the committee, prior to making recommendations to the Board. High and extreme risks faced by the Company and Group will be highlighted to the Board for its information and notation.

The terms of reference of the BRC include the following:

- to review the processes for determining and communicating the Company's risk appetite;
- to oversee the establishment, implementation and adequacy of the risk management system of the Group of which the effectiveness of the system is reviewed annually;
- to review and approve the risk management framework and policies to be adopted by the Group. The risk framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situations and ensure relevance at any given time;
- to review management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across the Group;
- to review periodic reports on risk management of the Group and deliberate on key risk issues highlighted by the Management Risk Committee;
- to report to the Board the key risks of the Group and the action plans to mitigate these risks;
- to provide independent assurance to the Board on the effectiveness of risk management processes in the Group;
- to invite outside counsel, subject-matter experts and other advisors, to the extent it deems necessary or appropriate, to facilitate expert discussion and seek expert opinion; and
- to carry out such other assignments as may be delegated by the Board.

Details of the BRC and a summary of its activities are spelt out in the Statement of Risk Management and Internal Control which appears on pages 118 to 123 of this Annual Report.

(iv) BAC

Details on the BAC are elaborated in the Board Audit Committee Report which appears on pages 124 to 128 of this Annual Report.

3. REINFORCE INDEPENDENCY

(Principle 3 of the MCCG 2012)

a) Separation of Powers between the Chairman and the CEO

In line with the recommendation of the MCCG 2012, there is a clear division of responsibility of the Chairman and CEO which promotes accountability and facilitates division of responsibilities between the two roles. The CEO, assisted by the Senior Management, is responsible for the business and day-to-day management of the Company. This division of roles between these two positions will ensure that no one individual has unfettered powers over decision making.

The Chairman

Tan Sri Dato' Seri Syed Anwar Jamalullail has been the Independent Non-Executive Chairman of the Company since 1 December 2014. As the Chairman, he is responsible for leading and ensuring the adequacy and effectiveness of the Board's performance and governance process. He also acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated. He works closely with the rest of the Board members in forming policy framework and strategies to align the business activities driven by the management team.

The CEO

Encik Habib Husin has been appointed as the Acting CEO of the Company since the departure of the Group's former CEO, Dato' Sri Syed Faisal Albar Syed A.R Albar, on 31 December 2015. He is also the Executive Vice President, Operations of the Group. He takes over the responsibility of providing the stewardship of the Group's direction and the day-to-day management of the Group. The Acting CEO together with the Senior Management manage the business of the Group according to the business plans, instructions and directions of the Board. The Acting CEO, with the management team, also implements the Group's policies and decisions as adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

The Senior Management comprises the following:-

- (i) Acting CEO
- (ii) Executive Vice President, Operations
- (iii) Executive Vice President, Corporate
- (iv) Chief Financial Officer
- (v) Senior Vice President, Group Planning and Strategy Division
- (vi) Senior Vice President, Asset Management Division
- (vii) Senior Vice President, Operation & Maintenance Division
- (viii) Senior Vice President, Corporate Services Division

b) Board Independence

Currently, five out of ten Board members are Independent Directors who are able to exercise independent judgment on issues of strategy, performance and resources of the Group. The Independent Non-Executive Directors of the Board play an important role in upholding the views of objectivity and independence in the discussion and decision making process of the Board. Their advice and judgment on interests, is not only limited to the Group, but also encompasses shareholders, employees, customers, suppliers and the communities in which the Group conducts its operations. The Independent Non-Executive Directors represent and protect the interests of shareholders and are tasked to provide an impartial view and quality advice to the decision making process of the Board.

CORPORATE GOVERNANCE STATEMENT (continued)

c) Independence Assessment of Independent Directors

During the financial year under review, all of the Independent Directors (save for Mr. Kohei Hirao who was appointed after the financial year under review), had declared their independence based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Malaysia. During the year, none of the Independent Directors had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment. Materiality is assessed on a case-to-case basis by the Board and each Director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interests in contracts and other directorships held. Therefore, based on their declarations and actions as Board members, the BNRC is satisfied that the Independent Directors have complied with the independence criteria as prescribed by the MMLR and continue to bring independent and objective judgement to Board deliberations.

The MCGG 2012 recommends that the tenure of an Independent Director should be limited to a cumulative term of nine years. After that tenure, the said Independent Director may continue to serve the Board upon reaching the nine year limit subject to him/her being re-designated as a Non-Independent Director. Currently, the Company does not have a policy in setting the limit on the tenure of the Independent Non-Executive Directors as the Board believes that the continued service by Directors provides stability and continuity in the policies implemented which will benefit the Board and the Group as a whole. However, in line with the recommendation of the MCGG 2012, the BNRC will be reviewing the policy on the tenure of the Independent Non-Executive Directors of the Company, including the Chairman of the Company.

If the Board has the intention to retain a Director as an Independent Director beyond the cumulative term of nine years, the Board must justify the decision and seek shareholders' approval at a general meeting. The justification for the retention of the Independent Director will be subject to the recommendations of the BNRC which is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criterion of independence.

As all of the Independent Non-Executive Directors of the Company have served less than nine years in the Company, the MCGG 2012 recommendation will not be applicable at this juncture. The BNRC will continue, on an annual basis, to assess the independence of the Independent Non-Executive Directors.

d) Senior Independent Non-Executive Director

The commentary to Recommendation 2.1 of the MCGG 2012 proposes that the chair of the nominating committee should be the Senior Independent Director identified by the Board. The main role of the Senior Independent Director is to act as a sounding board for the Chairman. If the Board is undergoing a period of stress, and/or there is a perceived conflict of interest involving the Chairman, the Senior Independent Director is expected to provide leadership and advice to the Board. The Senior Independent Director can also be the focal point to whom the concerns of the stakeholders and shareholders of the Company can be conveyed. The Board of the Company had deliberated and decided that the appointment of a Senior Independent Director is not required since the Chairman of the Board is already an Independent Director. The Board will review from time to time the need to appoint a Senior Independent Non-Executive Director.

e) Conflicts of Interest

To uphold good corporate governance and to ensure that decisions made are not influenced, any transaction of the Group involving interests of the major shareholders in whom these Non-Independent Non-Executive Directors represent will declare such interest to the Board and will abstain from all deliberations at the Board meeting.

4. FOSTER COMMITMENT

(Principle 4 of the MCCG 2012)

The Board meets at least four times every financial year and, as and when necessary, for any matters arising between regular Board meetings. The Board and Board committees meetings are scheduled in advance to ensure that the Directors are able to plan ahead and to ensure their attendance at those meetings. The Board ordinarily schedules three additional meetings on top of the required quarterly meeting annually, to cater for any urgent matters which require the Board's decision and approval. Any additional meeting, on top of the seven scheduled meetings, will be convened by the Company Secretary, after consultation with the Chairman and the management.

A total of eleven Board meetings were held during the financial year ended 31 December 2015. The details of attendance are as follows:

Name of Directors	No. of meetings attended
Tan Sri Dato' Seri Syed Anwar Jamalullail	11 out of 11
Dato' Sri Che Khalib Mohamad Noh	11 out of 11
Datuk Muhamad Noor Hamid	10 out of 11
Datuk Ooi Teik Huat	11 out of 11
Cindy Tan Ler Chin	11 out of 11
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	10 out of 11
Datuk Dr. Syed Muhamad Syed Abdul Kadir	11 out of 11
Datuk Idris Abdullah	8 out of 11
Dato' Wan Kamaruzaman Wan Ahmad	9 out of 11 (2 other meetings attended by his alternate)
Kanad Singh Virk (resigned with effect from 30 November 2015)	8 out of 9 (1 other meeting attended by his alternate)

Mr. Kohei Hirao's Board attendance is not set out as he was appointed after the financial year end.

a) Time Commitment

Pursuant to the Articles of Association of the Company, the decisions of the Board can be passed by a simple majority with the Chairman having a casting vote. However, the decisions of the Board are ordinarily made unanimously or by consensus. Proposals which are substantive and material in nature are considered and discussed at length at Board meetings whilst proposals relating to administrative and operational matters will be taken by way of Directors' circular resolutions between scheduled and special meetings. In 2015, a total of twenty-seven resolutions ranging from administrative to operational issues were approved by the directors via circular resolutions.

The agenda for the meetings of the Board are set by the Company Secretary in consultation with the Chairman and the CEO. The Board is given due notice with regard to matters to be discussed through the agenda of the meeting. The relevant board papers and reports are issued in a timely manner prior the meeting to provide the Directors sufficient time to peruse the proposals at hand for a meaningful discussion and for effective decision making at Board meetings. The quality and manner in which information is provided to the Board is reviewed at each meeting and annually as part of the Board's evaluation process.

CORPORATE GOVERNANCE STATEMENT (continued)

All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of the minutes of the meetings. Although there is currently no written policy on the Directors' commitment in discharging their responsibilities, the Directors have displayed their utmost commitment in understanding the proposals at hand and engaging in in-depth discussion with the management before a decision is made at Board meetings. Directors may also be asked to carry out special assignments to facilitate the Board in discharging its duty. During the financial year, the management and Board tapped on the experience of a Director, who has vast project management experience, to visit a project site in Oman which was facing some challenges. This Director inspected the site and provided his insights and perspectives to the Board on the progress of the project which was being developed by the Company-led consortium.

Each individual member of the Board is expected to devote sufficient time to the Company in carrying out his or her duties and responsibilities as this plays an important role in the development of the Group's policy and oversight of the management of the Company. This time commitment of Board members will be communicated to new members of the Board upon their appointment.

The Board will be developing a procedure to be followed by Directors before accepting any new external Board appointment. This notification is expected to include an indication of the time that will be spent on the new external appointment. If there is a potential conflict in the pending appointment, it will be tabled at the BNRC notwithstanding the fact that paragraph 15.06 of the MMLR of Bursa Malaysia allows for a Director to sit on the boards of up to five listed issuers.

b) **Directors' Training**

The Board acknowledges that to remain relevant and effective in carrying out their duties as Board members of the Company, it is important that Directors undergo continuous training and learning programmes from time to time. During the year, the BNRC carried out a Board matrix competency exercise for each member of the Board as part of the Board evaluation exercise. This exercise enabled the determination of key areas of improvement for each of the Directors and their respective training needs to bridge their respective competency gaps. As a result, each Director will receive targeted training dedicated to him/her to enable these Directors to be equipped with the required skills set and knowledge to carry out his/her duties effectively as a Director of the Company.

All Directors are encouraged to attend continuous education programmes and continuous training to enhance their business acumen and professionalism in discharging their duties to the Group as well as to help them to keep abreast of the current developments and business environment affecting their roles and responsibilities. The Company Secretary who receives regular updates on training programmes from various organisations including the regulators will circulate it to the Directors for their consideration.

All of the Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn Bhd. Mr. Kohei Hirao, being a new Director appointed on 20 January 2016 has attended his MAP training within the timeframe granted by Bursa Malaysia. The management have also provided him a brief business overview of the Group to ensure he familiarises himself with the Group.

In compliance with paragraph 15.08(2) and Appendix 9C (Part A, paragraph 28) of the MMLR of Bursa Malaysia, all Directors (during the financial year ended 31 December 2015) had attended at least one training sessions, some of which are listed below:-

- (i) Invitation to Lead the Change: Getting Women on Board Event organised by PEMANDU
- (ii) Forum on Corporate Governance – Balancing Rules & Practices (ACCA, KPMG and MSWG)
- (iii) Roles & Responsibilities of Directors under the Listing Requirements & Introduction to Integrated Reporting
- (iv) Board Chairman Series: Tone from the Chair & Establishing Boundaries organised by Joint Programme ICLRF & Bursa Malaysia
- (v) Power Talk Series "Executing Your Growth Strategy with Certainty" with Anand Sharma (USA) organised by Malaysian Directors Academy ("MINDA")

(vi) FIDE Forums on the following:

- Focus Group Discussion – Towards more Equitable Remuneration Practices for Directors and Financial Institutions
- Focus Group 1: Islamic Banking and Investment Banking Businesses
- Focus Group 2: Insurance Takaful and Reinsurance Business
- Dialogue with the Governor, Bank Negara Malaysia
- Industry Consultation Session
- Board's Strategic Leadership: Innovation & Growth in Uncertain Times
- Impact of the New Accounting Standards on Insurance Companies – What Directors should be aware of
- Board Leadership Series on Board Leading Change: Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times

(vii) Briefing Session on Bank Negara Malaysia Annual Report 2014/Financial Stability and Payment Systems Report 2014 – Takaful Operators organised by Bank Negara Malaysia

(viii) Briefing on Shariah Risk Management Framework

(ix) Bursa Invest Malaysia 2015 organised by Bursa Malaysia

(x) 7th Annual Corporate Governance Summit

(xi) Future of Auditor Reporting – The Game Changer for Boardroom organised by Bursa Malaysia

(xii) Advanced Women Directors' the Training Programme (AWDTP) 2015 organised by the Ministry of Women, Family and Community Development

(xiii) Anti-Money Laundering Act & Counter Financing Terrorism and Anti-Fraud Programme

(xiv) Sustainability symposiums: Responsible Business. Responsible Investing organised by Bursa Malaysia

(xv) Qualified Risk Director Programme: Series 7 – Boards Masterclass on Effective ERM Practices and Practical ERM Implementation Issues organised by Institute of Enterprise Risk Practitioners ("IERP")

(xvi) Qualified Risk Director Programme: Series 8 – Boards Masterclass on Leadership During Crisis organised by IERP

(xvii) Corporate Directors Advanced Programme (CDAP): Finance for Non-Finance Directors – Financial Language in the Boardroom organised by MINDA

(xviii) Nominating Committee Programme 2: Effective Board Evaluations organised by Bursa Malaysia

(xix) Seminar Optimising Performance Amid Uncertainty, The Business of Innovation 2015 & Global Transformation Forum

(xx) J.P. Morgan Investor Services Forum 2015, Kuala Lumpur

(xxi) Executive Media Training Workshop

During the year, the Board organised its annual offsite breakout session with the management to discuss the Group's strategies and business plans. Guest speakers were invited to brief the Board on the latest developments in the power industry, new business ventures as well as potential markets in which the Company could tap for growth. The key takeaways from the session were used by the management to develop the Group's strategies and business plans for 2016.

Board members also made visits to the Group's power plants and met with the management to facilitate their understanding of the Group's businesses and operations. An induction programme will be developed and conducted for all newly appointed Board members.

Board members will continue to assess their own training needs and undergo relevant training and development programmes to enhance their skills and knowledge and to keep abreast with new developments in the business environment.

CORPORATE GOVERNANCE STATEMENT (continued)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING*(Principle 5 of the MCCG 2012)***a) Financial Reporting**

The Board is responsible for ensuring that accounting records are kept properly and that the financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. Timely announcements on the quarterly results and issuance of the Annual Report to Bursa Malaysia reflect the Board's commitment to provide timely and up-to-date assessments on the Group's performance and prospects to shareholders, investors, regulatory authorities and other stakeholders of the Company.

The Board is assisted by the BAC in overseeing the Group's financial reporting processes and the quality and integrity of the financial reporting. These processes aim to provide assurance that the financial statements and the notes accompanying the financial statements are completed in accordance with applicable legal requirements and accounting standards and reflect a true and fair view of the Group's financial position.

b) Internal Control

The Board has the overall responsibility for maintaining a system of internal control that provides reasonable assurance for effective and efficient operations, compliance with laws and regulations, as well as adherence with internal procedures and guidelines.

The Statement on Risk Management and Internal Control is set out on pages 124 to 128 of this Annual Report.

c) Relationship with Auditors

The external and internal auditors are invited to present to the BAC the significant audit findings that they wish to bring to the attention of the BAC at every quarterly meeting of the BAC. The BAC also meets with both the internal and external auditors at least twice a year without the presence of the management or whenever it deems it necessary. This is to encourage open discussion between the BAC and external auditors as to the level of co-operation of the management during the audit, the areas for improvement of the audit exercise, or any other concerns it wishes to bring to attention of the BAC.

The services provided by the external auditors include statutory audits and non-audit services. The terms of engagement for the services rendered by the internal and external auditors are reviewed by the BAC who makes recommendations for approval by the Board.

The BAC also reviews the proposed fees for audit services of the external auditors and makes recommendations for approval by the Board.

The BAC through the Company Secretary facilitates the assessment of both the internal and external auditors. The assessment involves the completion of sets of questionnaires that include amongst other things, the adequacy of resources, the quality and adequacy of personnel carrying out the audit, the quality of audit reports received by the BAC and the adequacy of coverage of the audit. The feedback of the Chief Financial Officer through the completion of a different set of questionnaire is also sought as to the quality of the audit reports and the performance of the external auditors.

The abovementioned assessments will assist the BAC in determining and recommending the proposed re-appointment of the external auditors of the Company and their fees. As the assessments by both the BAC and the Chief Financial Officer on the external auditors were satisfactory for the year under review, the Board recommends their re-appointment, upon which shareholders' approval will be sought at the AGM.

6. RECOGNISE AND MANAGE RISKS*(Principle 6 of the MCCG 2012)***a) Risk Management Framework**

Recognising the importance of a sound risk management framework to manage the Company's risks as a whole, the Board has delegated the oversight of its Risk Management Policy to the BRC, including the review of the effectiveness of the Company's internal control system and risk management process. The BRC reports regularly to the Board to enable it to review the Group's risk framework.

The management, through the Management Risk Committee ("MRC"), is responsible for promoting and applying the Enterprise Risk Management Policy & Framework ("ERMPF") for the Group. The MRC is a management consultative platform where operational and technical risks are communicated, discussed, and

strategies formulated in managing such risks in order to support the strategic objectives of the Company. The MRC is also responsible for monitoring the effectiveness of risk control and mitigation plans and providing status updates on extreme and high risks to the BRC on a quarterly basis. Every business unit within the Group has its own risk management setup that supports the MRC in terms of risk identification, risk analysis, risk evaluation and risk treatment. Each of the risk management setups comprise risk scorecard owners, risk coordinators, risk owners, control owners and action plan owners, herein collectively known as risk users.

In general, the Risk Management Department (“RMD”) supports the BRC and MRC not only in executing risk analysis and reporting, but also in cultivating the risk perception and culture of the Company through risk awareness programmes, sessions and trainings. In particular, the RMD is also the conduit of all the business units with regard to the execution of the planned risk management activities that are consistent with the ERMPPF. The RMD is also responsible for identifying, developing and implementing risk assessment techniques and tools that are up-to-date and relevant to the business and operational requirements of the Company. Last but not least, the RMD manages the ERM System (“ERMS”) to ensure that the risk registers are up-to-date and accessible to risk users.

The Group’s inherent system of internal control and risk management framework are designed to manage, rather than eliminate the risk of failure to achieve the Company’s corporate objectives as well as to safeguard shareholders’ investments and the Company’s assets. Details of the Company’s risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 124 to 128 of this Annual Report.

b) Internal Audit Function

The Internal Audit Department (“IAD”) is responsible for reviewing all policies and processes of the Group and its relationship with third parties. It provides the Board through the BAC with an independent assurance on the processes, risk exposures and systems of internal controls. The responsibilities of the IAD include the following:

- assessing and reporting the effectiveness and adequacy of internal control systems;
- ascertaining and reporting the level of compliance to relevant regulations and Group policies and procedures;
- determining and reporting the accuracy, timeliness and completeness of relevant data, readings and reports; and
- reviewing and reporting on the safeguards surrounding the economic utilisation of resources.

Details of the Company’s internal audit function are set out in the Statement on Risk Management and Internal Control on page 122 and in the Board Committee Report on page 128 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(Principle 7 of the MCCG 2012)

a) Corporate Disclosure Policies and Guidelines

To ensure that shareholders, investors and stakeholders receive detailed and timely information, the Company over the course of the financial year, adopted the Corporate Disclosure Policies and Guidelines (“CDP”). The CDP ensure that there is a systematic approach within the organisation to communicate material information and disseminate it to various stakeholders such as investment regulators, members of the media and the investment community.

The CDP was established based on the basic principles of transparency, timeliness, fairness, continuity and confidentiality apart from complying with the MMLR of Bursa Malaysia. The CDP covers all manner and/or platform of formal and informal correspondences and communication which is taken by the Company. A Disclosure Committee comprising the CEO, Executive Vice President, Corporate, Executive Vice President, Operations, Chief Financial Officer (primary contact) and Company Secretary will administer the CDP including determining material information, ensuring timely disclosure to Bursa Malaysia, monitoring compliance and overseeing disclosure procedures.

CORPORATE GOVERNANCE STATEMENT (continued)

b) Insider Trading

To ensure orderly market activities in relation to the Company's share price, the CDP sets out guidelines on trading restrictions for Directors, officers or employees privy to material information. A blackout period of thirty (30) calendar days is imposed to avoid selective disclosure, particularly prior to announcement of financial results. Notices on the closed period for trading in the Company's securities are circulated to the Directors, officers or employees who are privy to any price-sensitive information and knowledge in advance of the closed period where applicable. The Directors, officers or employees who are privy to material information are prohibited from trading in securities of the Company up to one market day after the material information is released to the public.

The Company employs a wide range of communication modes with its shareholders primarily through its website at www.malakoff.com.my which has a dedicated section on announcements released through Bursa Malaysia. The website will be further enhanced to have a dedicated section for investors incorporating media releases, investor presentations, quarterly and annual financial statements, announcements, share and financial information, annual reports and circulars/statements to shareholders.

8. STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

(Principle 8 of the MCCG 2012)

a) Annual Report and Shareholders' Participation at General Meetings

The Board recognises the importance of safeguarding the interests of its shareholders and values feedback from its shareholders. The Board assumes overall accountability and responsibility for managing constructive dialogue and effective engagement with both institutional and private investors of the Company so as to encourage active participation in discussion and deliberation by the shareholders.

The Board believes that the shareholders or the prospective new investors are entitled to receive timely and material information about their investment to assist them in making informed investment decisions. Information on the Company's financial performance, business activities, corporate social responsibilities and other key activities are provided in the Company's Annual Report. The Board aims to present a clear and comprehensive statement of disclosures in the Annual Report to its shareholders.

The Annual Report will be sent in a timely manner to the shareholders in electronic/digital format together with a printed abridged version incorporating the summarised financial statements of the Company, notice of general meeting and the proxy form. A full version of the Annual Report will be made available on the Company's website at www.malakoff.com.my for access by the shareholders. A hard copy of the Annual Report will be provided upon request by the shareholders of the Company.

The general meeting serves as a crucial platform for the Board and Senior Management to engage with shareholders and encourage effective shareholder communication on the Company's performance, corporate and business developments and any other matters affecting shareholders' interests.

An AGM is held every year to consider ordinary business and any other special business of the Company whereby a full explanation on special business items will be provided in the notice of AGM to inform shareholders about the effects of the proposed resolutions arising from such items. The external auditors will be present at the AGM to answer shareholders' queries on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

The general meeting also serves as an avenue for the Chairman and the Board members to engage in two-way communication with shareholders. Shareholders are encouraged to attend the general meeting and participate in the question and answer session with the Board personally and exercise their right to vote on the proposed resolutions. Shareholders will be informed of their right to demand for poll at general meetings, and the Company will ensure that a vote of shareholders is taken on a poll at the general meetings on the resolution approving the RPTs. The outcome of voting on the proposed resolutions will be released via Bursa Link to the public at large and uploaded to the Company's website after the general meeting.

Other than the forum of general meetings, the Board encourages other mediums of communication between the Company and its shareholders or investors as follows:

- (i) the disclosure of full and timely information on the Group's major developments pursuant to the MMLR of Bursa Malaysia;
- (ii) all information of the Group's activities or press releases made available on the Company's website;
- (iii) all announcements released to Bursa Malaysia and uploaded onto the Company's website; and
- (iv) briefing sessions to be held between the Company's Senior Management and investors.

b) Communication and Engagement with Shareholders or Investors

The Company regularly interfaces with research analysts, local and international fund managers, institutional investors as well as members of the media/business editors. The Company's objective is to consistently provide investors with timely and accurate information that would assist them in their evaluation and investment decisions. Relationships with the investment community are nurtured based on integrity, qualitative information and active engagement whereas investors' confidence is built on the management's ability to perform and deliver effectively. To meet this objective, an Investor Relations ("IR") unit was established within the Group Finance and Accounts Division following the Company's listing in 2015. One of the tasks of the IR unit is to serve as an avenue for two-way communication medium between the Company and the investing community. Based on the questions and comments expressed by analysts and investors, the IR unit provides feedback to the management on investors' sentiment towards the Company as well as any matters that may require follow-up action. Among the engagement activities undertaken by IR are quarterly analyst briefings, one-to-one meetings at investment conferences, non-deal roadshows, management presentations, site visits as well as networking events. The IR activities undertaken over the course of FY2015 post Initial Public Offering ("IPO") are provided on page 77 of this Annual Report.

To ensure the Company keeps abreast of best IR practices and changing trends in serving investors, the Company is registered as a corporate member of the Malaysian Investor Relations Association under Bursa Malaysia as of July 2015.

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

(Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia)

The Board has given its assurance that the audited financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards for each financial year as to present to give a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year.

The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 132 to 136 of this Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2015 which are set out on page 137 to 253 of this Annual Report.

10. COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with paragraph 15.25 of the MMLR of Bursa Malaysia.

Having reviewed and deliberated this Statement, the Board is satisfied that to the best of its knowledge the Company is substantially in compliance with the Principles and Recommendations set out in the MCCG 2012 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any recommendations in the MCCG 2012 which have not been implemented since the listing of the Company in May 2015 will be reviewed by the Board and be implemented where possible and where relevant to the Group's business.

This Statement has been presented and approved by the Board at its meeting held on 8 March 2016.