

# Corporate Governance Overview Statement

## Governance Framework

The Board of Tambun Indah Land Berhad (“the Company”), believes that corporate governance is essential for delivering sustainable value and is vital for the success of the business of the Company and its subsidiaries (“the Group”). The Board acknowledges the importance of maintaining good corporate governance in the Group and is committed to the principles of good corporate governance which are consistent with prudent management to deliver long term sustainable value to shareholders and other stakeholders.

This statement sets out the Company’s corporate governance practices with reference to the Principles and Recommendations in the Malaysian Code of Corporate Governance issued 26 April 2017 (“CG Code” or “the Code”). As at the date of this statement, the Board is pleased to present this statement and explain how the Company has applied the three (3) principles which are set out within the Code:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

In addition, further disclosure was made with regard to the three (3) principles as abovementioned within a Corporate Governance Report, which is available on the Company's website [www.tambunindah.com](http://www.tambunindah.com).

## Compliance with the Code

The Board considers that the Company has complied with the provisions and applied the main principles of the CG Code for the whole of the financial year ended 31 December 2017 (“FY2017”) except for the following:-

- Practice 4.1 (At least half the Board comprises Independent Directors)
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management’s remuneration in bands of RM50,000)
- Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate – including voting in absentia; and remote shareholders’ participation at General Meetings)

## Board Leadership

### Role of the Board

The Board takes full ownership in facilitating its ongoing oversight and overall performance of the Group and their executive responsibility in providing leadership within a structure of prudent business decisions and effective controls which enables risk to be appropriately assessed and managed for running the day-to-day business of the Group that will enhance shareholders’ value and long term business sustainability and growth of the Group as a whole.

The members of the Board have been selected based upon the criteria of recognized skills, experience and capabilities in their specific field of expertise and a diversity of viewpoints and knowledge which directly benefits the operations the business. Further details regarding the details and background of each Board member is disclosed in the Directors’ Profile section of this Annual Report.

## **Role and Responsibilities of the Board**

The Board provides entrepreneurial leadership as well as overseeing the overall performance objectives and long term success and sustainability of the Group. The Group has a clearly defined organisational chart and framework of assigning authority and responsibility to its specific requirements. The manual on Limits of Authorities (LOA) approved by the Board sets out clear authority limits to ensure checks and balances through segregation of duties.

The Board, in discharging its leadership's role, essentially covers the following functions:-

### Strategic Planning

The strategic planning process begins at the senior management level after assessment and review of the business environment as well as the progress of the previous year's activities. The senior management also takes into consideration feedback from its employees, customers and other stakeholders of the Group with which the Group conducts its business to ensure the best outcome for the ensuing year, and in the best interest of the Group and its stakeholders.

Based on the above, the senior management prepares the business plan and presents the internal profit forecast for the review and approval of the Board.

### Conduct of the Group's business

There is a clear division of responsibilities between the Chairman and the Managing Director. The Chairman of the Group has no executive function and is responsible for orderly conduct and proceedings of meetings. In addition, the Chairman is also responsible in promoting a culture of openness and active participation in meetings.

The Managing Director of the Group is responsible for the overall operation and financial performance of the Group. The Managing Director heads a senior management team in the day-to-day operation of the Group. The senior management team consists of senior employees holding the positions of Executive Director, Project Director, Chief Financial Officer, Senior General Manager and Deputy General Manager. The senior management will be invited to attend the Board meetings and to provide the Board with any such relevant information or updates, as and when required by the Board.

The role of Independent Non-Executive Directors is particularly important to the Group being fundamental to good corporate governance. The Independent Non-Executive Directors' role is to provide unbiased, objective and independent views, advice and judgements, taking into account the long-term interest of shareholders, employees, customers, suppliers and other stakeholders of the Group.

### Succession Planning

According to the LOA and the Board Charter, the Managing Director is responsible for the succession planning of key management positions across the Group. Nevertheless, the Board still assumes the responsibility to ensure there is an effective and orderly succession planning in the Group.

The Managing Director reviews candidates for key management positions and shall propose the remuneration for these appointments. In this respect, the Managing Director will take into consideration the profiles, experiences, personality, professionalism, and personal achievements of the new candidates. The remuneration framework is set out in ‘Remuneration of Directors and Senior Management Personnel’ section of this CG Overview Statement.

The Managing Director also determines the training needs of the senior management team, and the remuneration of key management based on their performance, contribution, leadership, achievement, and other deliverables in their respective positions.

The Managing Director shall inform the Board of any resignation or termination of key management, and the impact of such to the operations of the Group. The Board shall monitor the progress of the Group’s succession planning through periodic updates from the Managing Director.

#### Risk Assessment and Management

The Board, through the Risk Management Committee oversees the overall risk management framework of the Group. The Audit Committee, through the assistance of the outsourced internal auditors, assists the Board in risk assessment review, and monitoring the effectiveness of the risk management implementation based on risk based audit plan.

The Risk Management Committee reports to the Board on the risks profiles as well as the on-going risk management implementation and actions undertaken to mitigate the risks identified. The Risk Management Committee also updates the Board of their continuous review of the risk profiles and the adequacy of its control procedures throughout the Group.

The Board determines the changes in risk management policies based on the risk assessments and ensures appropriate systems are implemented in managing principal risks identified.

#### Investor Relations and Shareholders’ Communications

The Board believes in building investor confidence through good corporate governance practices. As such, the Company has in place, the Investor Relations team with the objective of creating shareholders’ value and enhancing shareholders’ confidence of the Group.

The Company has designated the senior management together with the appointed Investor Relation consultants as persons responsible for the handling of discussions and disclosures with investors, fund managers, financial analysts and the public.

The Board reviews and approves all quarterly financial and other important announcements and is mindful that material information is announced in a timely manner.

#### Internal Control Systems

The Board is responsible for maintaining an appropriate system of internal control to safeguard the shareholders’ value and the assets of the Group.

The activities of the internal audit functions are set out in the Audit Committee Report section of this Annual Report. Further details pertaining to the Group's internal control system and its effectiveness are available in the Risk Management and Internal Control Statement section of this Annual Report.

In addition to the above functions, the Board is also tasked to decide and approve amongst others, the financial statements, quarterly results, material acquisitions and/or disposals of the Group's fixed assets, new investment, divestment, corporate restructuring, establishment of joint ventures, related party transactions and new appointments to the Board.

The Board is also committed towards sustainable development. The Group's sustainability strategy encompasses the community, workplace, marketplace and environment. Details are set out in the Sustainability Statement section of this Annual Report.

### **Schedule Matters Reserved to the Board**

The Board has established procedures in relation to matters which require a decision of the Board and matters can be delegated to the management.

The Board adopts the following schedule of matters specifically reserved for its approval and/or supported by any recommendations as may be made from time to time by the Board Committees as appropriate:

- i) material acquisitions and disposals of fixed assets of the Group;
- ii) new investment, divestment, corporate restructuring and/or establishment of joint ventures;
- iii) related party transactions and conflict of interest issues;
- iv) annual financial statements and quarterly financial results;
- v) declaration of dividends;
- vi) appointment of directors; and
- vii) appointment of, terms of reference and changes in the composition of the Board Committees established from time to time.

### **Company Secretary**

The Company Secretaries provide guidance to the Board on matters relating to the company law, rules and regulations of the regulatory authorities as well as best practices on governance. The Board has unrestricted access to the advice and services of the Company Secretaries. Every Board member is provided with a Corporate Calendar, which contains details of compliance issues, meeting schedules and events. In addition, the Company Secretaries also update the Board on circulars received from Bursa Malaysia Securities Berhad as well as amendments or changes to the Listing Requirements, which are relevant to the Company.

The Company Secretaries record, prepare and circulate the minutes of meetings of the Board and Board Committees and ensure such minutes are properly kept at the registered office of the Company and produced for inspection, if required.

The Company Secretaries are responsible for proper maintenance of secretarial records and attend to the auditors in annual statutory audits on the Company's statutory records in connection with the audit of the financial statements of the Group and the Company.

Both Company Secretaries have tertiary education and are qualified to act as company secretaries under Section 235 (2) of the Companies Act, 2016. The Company Secretaries regularly keep themselves abreast of the

regulatory changes and developments in corporate governance through attendance at various continuous training programmes.

### **Board Charter**

The Company's Board Charter provides guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Board Charter is available on the Company's website, [www.tambunindah.com](http://www.tambunindah.com).

The Board reviews the Board Charter annually and from time to time to reflect any changes to the Group's policies and procedures as well as any amended relevant rules and regulations. In February 2017, the Board reviewed and approved certain revisions in the Board Charter to ensure its relevance and compliance with current rules and legislations.

### **Board Committees**

The Board delegates certain areas of responsibilities to Board Committees, each with predefined terms of reference and responsibilities; and the Board receives reports of their proceedings and deliberations. Where the Board Committees have no authority to make decisions on matters reserved for the Board, recommendations would be tabled to the Board for its approval. The Chairman of the respective Board Committees shall report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board meetings.

Further details of the Board Committees are set out below.

#### **1) Audit Committee**

The Board had set up an Audit Committee comprising entirely of Independent Directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practicing accountant with more than 30 years of audit, tax, and advisory experience. Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

Further details are set out in the Audit Committee Report section of this Annual Report.

#### **2) Nominating Committee**

The Board had set up a Nominating Committee comprising wholly Non-Executive Directors, a majority of whom are independent.

The Nominating Committee consists of :

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent & Non-Executive
Tsai Chia Ling	Member	Non-Independent & Non-Executive
Yeoh Chong Keat (resigned on 12 March 2018*)	Member	Independent & Non-Executive
Lai Fook Hoy	Member	Independent & Non-Executive

\* Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Nominating Committee is guided by a predefined terms of reference and in particular, its duties are to assess :-

- i) the candidates for all directorships;
- ii) the Directors who are to fill the seats of Board Committees;
- iii) the Directors who are seeking re-election at annual general meeting;
- iv) the effectiveness of the Board as a whole, and Board Committees;
- v) the performance of individual Directors;
- vi) the independence of Independent Directors; and
- vii) Board diversity, length of service and any other duties as required by the Board.

The Nominating Committee met once during the financial year ended 31 December 2017 to carry out the assessment of the Board, Board Committees, the performance of individual Directors, the independence of Independent Directors, the appointment of a new Director, the Directors due for retirement by rotation, Directors' trainings and Board diversity.

### 3) Remuneration Committee

The Board had set up a Remuneration Committee ("RC") comprising mainly Independent Non-Executive Directors.

The Remuneration Committee consists of :

Name	Designation	Directorate
Lai Fook Hoy	Chairman	Independent & Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent & Non-Executive
Yeoh Chong Keat (resigned on 12 March 2018*)	Member	Independent & Non-Executive
Teh Kiak Seng (resigned on 1 March 2018)	Member	Executive

\*Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Remuneration Committee is guided by a predefined terms of reference and in particular, the following duties :-

- i) to establish and recommend to the Board, the remuneration package of the Directors and senior management.
- ii) to consider other remunerations or rewards as referred to the Remuneration Committee by the Board.

The Remuneration Committee met twice during the financial year ended 31 December 2017 to review and recommend the remunerations of Directors and senior management.

The Remuneration Committee adopts a formal and transparent process in determining the remuneration of the Directors and senior management. The remuneration of the Executive Directors and senior management is structured to link rewards to their respective contributions in supporting the Group's

corporate objectives, strategy and culture. The Remuneration Committee's objective is to ensure that there is a competitive remuneration framework in place to reward, motivate, and retain Executive Directors and senior management to manage the Group successfully as well as to drive the Group's businesses to greater growth and maximise long term shareholders' value.

All Directors and senior management are also covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties while holding the office as Directors and senior management of the Group.

The aggregate remuneration of the Directors for the financial year ended 31 December 2017 is presented under Note 26 of the financial statements.

### **Board Attendance**

The Board met 5 times during the financial year ended 31 December 2017. The details of attendance are as follows :

Name	No. of Board Meetings Attended
Lai Fook Hoy	5/5
Teh Kiak Seng	5/5
Teh Theng Theng	5/5
Teh Deng Wei	5/5
Tsai Chia Ling	3/5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	4/5
Yeoh Chong Keat (resigned on 12 March 2018*)	5/5

\*Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that all Directors had committed sufficient time in discharging their responsibilities.

### **Board's Effectiveness**

#### **Board Composition and Independence**

The Group is led and controlled by an effective Board. The Board comprises of individuals who are highly experienced in their respective fields, and whose knowledge, background, ability and judgment are the requisites as expected by the stakeholders.

There is a strong and independent element on the Board too. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment as well as ensuring key issues and strategies are reviewed, constructively challenged, and fully discussed in the long-term interest of the shareholders and stakeholders of the Group.

As at 31 December 2017, there were seven (7) Board members; of which three (3) are Independent Directors and four (4) are Non-Independent Directors representing forty-three percent (43%) of Independent Directors on the Board.

As at 12 March 2018, an Independent Director, Mr. Yeoh Chong Keat has formally resigned and his replacement will be appointed within three (3) months. As such, presently there are six (6) Board members; of which two (2) are Independent Directors and four (4) are Non-Independent Directors representing thirty-three percent (33%) of Independent Directors on the Board.

Thus, the Board's composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher to be Independent Directors. However, the current composition of the Board does not comprise of at least half of Independent Directors as stated within the Code.

Nonetheless, The Board is helmed by the Chairman (Mr Lai Fook Hoy) which is an Independent Director, and the sub-committees consist mainly of Independent Directors. The Board operates in the manner that ensures that Directors exercise independent judgement and with the interest of the shareholders are always in the forefront when important decisions are made by the Board. The Board, through the Nomination Committee reviews the composition of the Board yearly.

The Board annually reviews the composition of the Board and its Committees to ensure that there exists the appropriate mix of experiences, skills and knowledge to effectively discharge their respective responsibilities in spearheading the Group's growth and future direction.

The profile of each Director is set out in the Directors' Profile section of this Annual Report.

Even though the Board has representatives of the substantial shareholders, the presence of the Independent Directors ensures that there is no undue influence or domination in the decision making process of the Board. The Independent Directors play an important role in the Board's responsibilities, being actively involved in the various Board committees, and contribute to performance monitoring and corporate governance by providing independent assessment and opinion.

The Board is satisfied that its current size and composition is adequate for its purpose.

### **Appointments to the Board**

Any proposed appointment of new Board members or proposed re-appointment of Directors will be assessed by the Nominating Committee. In evaluating the appointment of new Directors, in addition to assessment of the candidate's skills and experience, character, integrity, competency, the Nominating Committee also takes into consideration whether the candidate is able to devote time to effectively discharge his role as a Director.

The Nominating Committee will, upon its assessment, submit its recommendation to the Board for approval. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new Directors are properly executed.

Upon appointment, the new Directors will be given a copy of the Board Charter and provided with an induction programme to familiarize the new Directors with the business activities, corporate governance practices, and

other policies of the Group. The programme also allows the new Directors to get acquainted with the management.

### **Selection and Nomination Process**

#### **Director's Core Areas of Expertise**

Director's core areas of expertise are listed in the Directors' Profile section of this Annual Report.

#### **Diversity**

The Board recognises the benefits of having a diverse Board and believes diversity to be an essential element in maintaining a competitive advantage in achieving its corporate objectives.

The Board believes that a mixed gendered and ethnically diverse boardroom would offer different ideas and perspectives, which will enable better insights in serving the Group's diverse customers base and enhance the Group's presence in the marketplace.

The Nominating Committee will consider a number of aspects, including but not limited to, gender, age, ethnicity, education background, professionalism, experiences, skills, industry knowledge, length of service and the requirements of the Group's business in determining the optimum composition of the Board.

The Nominating Committee, upon its recent assessment carried out, is satisfied that the current composition of the Board is adequate for its purpose and has the appropriate diverse blend of gender, ethnicity, and age.

As the Board recognizes the importance of diversity and hence has established a guideline within the Board Charter stating that the Board will adhere to a minimum of at least one specific female Board Member. At present, the current composition of the Board with two (2) female Directors out of six (6) Board members, translates to a 33% female representation on the Board.

#### **Time Commitment**

The Nominating Committee assess whether the Directors who hold multiple Board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. Accordingly, the Directors of the Company do not hold more than 5 Directorships in public listed companies as prescribed by the Main Market Listing Requirements. Directors are required to notify the Managing Director before accepting any new Directorships in public listed companies, and of his time commitment in fulfilling his role to make positive contributions to the Board.

The Nominating Committee recognizes that its assessment of each Director's ability to discharge his or her duties adequately cannot be confined to the criterion of the number of his or her Board representations as time requirements are very subjective. Thus, the Nominating Committee takes into account the contributions by the Directors during Board, or Board Committees, meetings and their attendance at such meetings, in addition to their principal duties as Non-Executive Directors of the Company.

The Board has committed to meet at least once every quarter. The quarterly Board meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and to fit the year's meetings into their schedules. In addition, Board meetings may be convened as and when need arises to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board also resolves and approves certain Company's matters vide circular resolutions. The circular resolutions are drawn up with detailed information and must be signed by a majority of Directors.

### **Conflicts of Interest**

The Directors are required to inform the Board of any actual or potential conflict of interest that may exist or be thought to exist in relation to particular items of business, preferably in advance. The Directors are required to disclose their shareholdings in the Company, other Directorships and any potential conflict of interest. The Directors should abstain themselves from discussion or decision on matters in which they have a conflicting interest, unless resolved otherwise by the remaining members of the Board.

### **Information Provided to the Directors**

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least 7 days prior to Board meetings, all Directors are provided with the agendas and Board papers to enable the Directors to participate effectively in the meetings.

The Board and its Committees have full and unrestricted access to all information of the Group. Such information is not only quantitative, but also includes other information which is deemed necessary for them to make an informed decision. Senior management may be invited to Board meetings to provide insights into matters being discussed and to furnish clarification on issues that may be raised by the Board.

The Directors may obtain further information, which they may require in discharging their duties such as seeking independent professional advice, if necessary, at the Company's expense.

### **Board Evaluation**

The Nominating Committee annually assesses the Board as a whole, Board Committees, and the contribution of each individual Director by way of customized self-assessment questionnaires. The results of the annual assessment are compiled by the Secretary, and presented to the Nominating Committee for evaluation, and subsequently tabled to the Board for deliberation.

Director Self-Assessment whereby actions to be taken by individual directors, Audit Committee Member Self-Assessment for actions to be taken by the individual Audit Committee members, Independent Director Self-Assessment for actions to be taken by the individual Independent Directors as well as the Assessment of the Board and Board Committees to be taken by the Nomination Committee evaluating the board mix and composition, boardroom activities, decision making, meetings and investor relations. The annual assessment incorporates the evaluation of the Directors' commitment to serve the Company with due diligence and integrity and as the confidence to stand up for a point of view.

In the annual assessment of the Board for financial year ended 2017, the Board was satisfied with the current composition, the contribution of each Board member, as well as the mix of skills of the Directors to enable the Board to discharge its responsibilities effectively.

The Board values the importance of the role of Independent Directors to strengthen the Board as a whole. The role of Independent Directors is to bring independent and objective judgment to the Board. This mitigates risks arising from conflict of interests or undue influence from interested parties. Where any Director has an interest in any matter under deliberation, he is required to declare his interest and abstain from participating in the discussions and voting on the matter. None of the current Independent Directors hold office exceeding a cumulative term of 9 years.

The Nominating Committee assesses the Independent Directors annually. The Nominating Committee is chaired by Encik Taufiq Ahmad @ Ahmad Mustapha Ghazali, an accountant with more than 30 years of experience in audit and finance including in-depth knowledge of operational strategies in the finance industry.

Questionnaires will be sent to the Independent Directors to self-evaluate their “independence”, in addition to the criteria of independence as set out in the Main Market Listing Requirements. The Nominating Committee will then assess and table its recommendations to the Board.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the Independent Directors have been able to discharge their responsibilities in an independent manner.

#### **Re-election and Re-appointment of Directors**

On the assessment of existing Directors who are seeking re-election at the annual general meeting of the Company, the Nominating Committee will review their regular and timely attendance of meetings, level of participation in Board matters, and whether they have sufficient time to fulfill their responsibilities on the Board. During deliberations on the performance of a particular Director who is a member of the Nominating Committee, that member abstained from the discussions.

#### **Business Ethics, Integrity and Whistleblowing**

The Whistle-Blowing Policy formulated in the Board Charter provides a formal communication channel, where the employees or any other stakeholders can communicate matters of concern, that are raised in good faith, without any fear of reprisal. The matters of concern will be assessed, independently investigated and where appropriate, actions will be taken to address the issues raised.

The Board has formalized and adopted a Code of Business Conduct on 18 May 2017 and has revised said Code in February 2018, which sets out the business practices, standards and ethical conduct expected from all employees in the course of their employment with the Group. In addition, the Directors, officers and employees are committed to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the Group’s policies as well as the relevant applicable laws and regulations.

#### **Board Development**

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within 4 months from the date of appointment. In addition to the MAP, Board members are also encouraged to

attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses.

For the financial year ended 31 December 2017, the Directors had attended the following trainings:

Name	Trainings Attended
Yeoh Chong Keat	Seminar Percukaian Kebangsaan 2017 National Tax Conference 2017 In-house Training on the New Malaysian Code on Corporate Governance Audit Quality Enhancement Programme for SMPs 2017 Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Lai Fook Hoy	Workshop on Driving Financial Integrity and Performance- Enhancing Case Study Workshop for Independent Directors Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Tsai Chia Ling	Companies Act 2016 Seminar GST Seminar on Manufacturing
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	National Tax Conference 2017 MIA International Accountants Conference 2017 How to Manage Impairment of Various Assets Directors' Continuing Education Programme (DCEP) Financial Instruments Updates- A Review of MFRS9 (2014) Version Sustainability Forum for Directors/CEOs Improving Board Risk Oversight Effectiveness Release of the Malaysia Code on Corporate Governance ICAEW Economic Insight Q4 2017
Teh Kiak Seng	Healthcare Facility Management System Innovative Formwork System for Buildings & Infrastructures Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Teh Theng Theng	Companies Act 2016: New Expectations and Challenges for Business in 2017 Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers Companies Act Update Property Seminar
Teh Deng Wei	Mandatory Accreditation Programme for Directors of Public Listed Companies Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers Companies Act Update

The Nominating Committee, upon its recent annual assessment carried out, is satisfied with the Directors' own evaluation of their training needs and had attended training to increase their knowledge and understanding of recent developments in laws, regulations and business practices to aid them in the discharge of their duties and responsibilities as Directors of the Company.

The Nominating Committee had recommended the current practice be maintained and a Directors' training policy is not required at this juncture. The Board supported the recommendation of the Nominating Committee.

### Remuneration of Directors and Senior Management Personnel

The remuneration framework for Executive Directors and senior management covers all aspects of remuneration including fees, salaries, allowances, bonuses, incentives, statutory contributions and benefits-in-kind.

The Board then determines the remuneration package of the Executive Directors and senior management as recommended by the Remuneration Committee and each individual Director shall abstain from deliberation on his own remuneration.

Non-Executive Directors are paid Directors' fees and allowance at meetings of the Board and Board Committees. In addition, the chairman of the Board, and chairman of Board Committees also receive an annual fixed fee in recognition for their responsibilities and commitment required. The fees are determined by the Board as recommended by the Remuneration Committee, and are subject to shareholders' approval at the annual general meeting. The remuneration of the Directors of the Company for 2017 is as follows:-

Name	Fees *	Allowance *	Salary and other emoluments **	Bonus **	Defined contribution plan **	Benefit in Kind **	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
<b><u>Non-Executive Director</u></b>							
Lai Fook Hoy	61,667	2,500	-	-	-	-	64,167
Tsai Chia Ling	42,000	1,500	-	-	-	-	43,500
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	52,000	2,000	-	-	-	-	54,000
Yeoh Chong Keat	58,000	2,500	-	-	-	-	60,500
	213,667	8,500	-	-	-	-	222,167
<b><u>Executive Director</u></b>							
Teh Kiak Seng	40,000	-	1,876,535	500,000	356,250	35,200	2,807,985
Teh Theng Theng	40,000	-	493,717	132,400	93,667	6,600	766,384
Teh Deng Wei	40,000	-	751,672	200,000	142,500	17,400	1,151,572
	120,000	-	3,121,924	832,400	592,417	59,200	4,725,941
Total (RM)	333,667	8,500	3,121,424	832,400	592,417	59,200	4,948,108

\* Fees and allowance received on Company level\*\* Salary and other emoluments, bonus, defined contribution plan and benefit in kind received on Group level

The Group is aware of the importance of transparency in disclosing the remuneration of its senior management. Due to the competitive human resource environment for personnel with requisite knowledge and experience in the industry, the Company is in the opinion that specific disclosure on named basis will be considered as

unfavorable towards the Group. In providing further insight on the level of remuneration paid to the senior management team, the Company has taken the step to disclose the senior management remuneration in total basis, to provide insight to the remuneration of the senior management team. The aggregate sum of remuneration for these members of the key senior management team for the FY2017 is approximately RM1.2 million.

## Sustainability

The Board is also committed towards sustainable development in regards to conducting business and the impact. The Group's sustainability strategy encompasses the community, workplace, marketplace and environment. Economic, environmental and social sustainability factors are considered in determining and considering our risks. Details are set out in the Sustainability Narrative Statement section of this Annual Report.

## Accountability and Effective Audit

### Audit and Risk Management Committee

The Board had set up an Audit Committee comprising entirely of Independent Directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practicing accountant with more than 30 years of audit, tax, and advisory experience. Mr. Yeoh Chong Keat has formally resigned as at 12 March 2018 and his replacement will be appointed within three (3) months.

Further details are set out in the Audit Committee Report section of this Annual Report.

The Board had set up a Risk Management Committee comprising of Executive Directors and senior management.

The Risk Management Committee consists of :

Name	Designation	Position
Teh Kiak Seng	Chairman	Managing Director
Teh Theng Theng	Member	Executive Director
Teh Deng Wei	Member	Executive Director
Thaw Yeng Cheong	Member	Project Director
Neoh Sze Tsin	Member	Chief Financial Officer
Lim Beng Hoe (appointed on 7 August 2017)	Member	Senior General Manager
Roselyn Tan (appointed on 7 August 2017)	Member	Deputy General Manager

### External Auditor

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Company's external auditors in providing relevant and transparent reports to the shareholders.

During the financial year, the Audit Committee reviewed the scope of audit, the reporting obligations, the audit procedures, deliverables and key dates for the year's audit before the external auditors commenced their audits of the Group and of the Company. The Audit Committee also discussed with the external auditors in respect of the accuracy and completeness of the accounting records, the accounting principles, the

effectiveness of the Group's internal control and business risk management including any other pertinent matter that should be brought to the attention of the Audit Committee relating to the audit of the Group's financial statements. The Audit Committee met with the external auditors twice without the presence of the Executive Directors and management of the Group.

The Audit Committee also ensures the management provides a timely response to any request of documents or queries raised by the external auditors.

The Audit Committee assesses the external auditors annually. The Audit Committee will consider a number of aspects such as the adequacy of resources, quality of work, the experience of the staff assigned to the audit of the Group and of the Company as well as the independency and objectivity of the external auditors.

The existing external auditors, BDO Chartered Accountants had been re-appointed by shareholders of the Company since financial year 2010. In compliance with the Malaysian Institute of Accountants, BDO rotates its audit partner every 5 years to ensure objectivity, independence and integrity of the audit opinions.

BDO had also confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee, upon its recent annual assessment carried out, is satisfied with the suitability of BDO based on their audit approach, quality of work done, sufficiency of resources and independence. The Audit Committee had proposed that the Board recommends the re-appointment of BDO as the external auditors of the Company at the forthcoming annual general meeting.

### **Risk Management and Internal Audit**

The Board through the Risk Management Committee reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place. The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework.

The Board adopts a Risk Management Handbook which encapsulates the risk management policies and strategies of the Group. The guide was developed and customised based on the foundation of FERMA: 2002, Risk Management Standard framework, among others in view of the practices of the Group's environment and operation.

The Board confirms that there is an on-going process of identifying risks, evaluating and managing the significant risks faced by the Group. This process is in place for the year under review, and up to the date of issuance of the Statement on Risk Management and Internal Control.

The Risk Management Committee will update the Audit Committee and the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.

For the function of internal audit, the Group had outsourced its internal audit role to an independent

professional firm of consultants, i.e. Sterling Business Alignment Consulting who is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge of its responsibilities and that they remained independent and have no direct operational responsibility or authority over any of the activities audited.

The internal audit exercises are carried out based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group’s internal control system. Each quarterly audit is engaged by approximately 2 to 5 audit personnel depending on the areas of audit. From the review, opportunities for improvement to the system of internal control were identified and presented to the Audit Committee via internal audit reports, whilst the management formulated the relevant action plans to address the issues noted.

Further details of the risk management and internal control are set out under Statement on Risk Management and Internal Control of the Annual Report.

## **Integrity in Corporate Reporting**

### **Corporate Disclosure Policies and Procedures**

The Board aims to present a balanced and understandable assessment of the Group’s financial position and prospects to the public in accordance with the provisions of the Companies Act, 2016 and the Financial Reporting Standards. In the preparation of the financial statements, the Directors have taken the necessary steps to ensure all applicable accounting policies are applied consistently, and supported by reasonable and prudent judgement.

During the financial year, the Audit Committee assisted the Board to oversee the Group’s financial reporting processes by reviewing the financial and statutory compliance aspects of the annual financial statements and quarterly financial results prior to deliberation at Board level. The Board then discussed and approved the annual financial statements and quarterly financial results for release to Bursa Securities and the Securities Commission respectively at the close of trading.

## **Relations with Stakeholders**

### **Stakeholder Engagement**

The Board recognizes the value of corporate transparency and coherent communication, and aims to provide fair, relevant, comprehensive and timely information regarding the Group’s performance to the shareholders and the investment community to enable them to make informed decisions. The Company’s Investor Relations team is tasked with, and focuses to build long term relationships and trust with the shareholders and investment community.

The Investor Relations team communicates regularly with shareholders and the investment community, with timely disclosures of material or other pertinent information through announcements to Bursa Securities. The team also prepares analyst presentations and corporate briefings to keep investors apprised of the Group’s developments and financial performance.

Shareholders and the investment community can also access the Company's official website ([www.tambunindah.com](http://www.tambunindah.com)) to obtain up-to-date information of the Group such as the financial performance, corporate information, media activities, latest and upcoming product launches etc.

The Board supports and encourages active shareholders' participation at its annual general meetings and any other general meetings. In accordance with the Company's Constitution, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his behalf in any general meeting.

The Company allows the appointment of proxy who is not a member of the Company. As for the exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account, there is no limit on the number of proxies to be appointed.

The notice of annual general meeting ("AGM") will be sent to shareholders at least 28 days before the time appointed for holding the meeting. Any proposed resolution to be considered under special business will be accompanied by explanatory notes to facilitate understanding and evaluation of the shareholders.

The Company implements poll voting for all resolutions set out in the notice of AGM, pursuant to the requirement of the Main Market Listing Requirement. An independent scrutineer is appointed to undertake the polling process and thereafter, the results are announced via Bursa LINK. The results can also be accessed via the Company's website at [www.tambunindah.com](http://www.tambunindah.com).

During the meeting, the Independent Non-Executive Chairman will invite shareholders to raise questions pertaining to the proposed resolution before putting the motion to vote. Board members and senior management will be present at the meeting to respond to any questions from shareholders. The Company's external auditors are also present to address issues relating to the audits and the auditors' report.

This statement was approved by the Board on 12 April 2018.