

## STATEMENT ON CORPORATE GOVERNANCE |

Corporate Governance is the process and structure used to direct and manage the business and affairs of TA Global Berhad (the "Company") towards enhancing both business prosperity and corporate accountability. Its ultimate objective is to realise the long term shareholders' value whilst taking into account the interests of various stakeholders.

The Board of Directors (the "Board") of the Company believes that sound corporate governance benefits the Company's employees and the communities in which the Company operates, and it is committed in ensuring that the Principles and Recommendations promoted by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") are observed and practised as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the well-being and ongoing development of the Company.

The Board is pleased to disclose below the manner and the extent in which it has applied the principles and complied with the recommended best practices set out in MCCG 2012 and governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") (hereinafter referred to as the "Main Market Listing Requirements") throughout the financial period ended 31 December 2015. The Board will continue to further take measures to improve compliance with the principles and recommended best practices in the ensuing years.

### BOARD OF DIRECTORS

#### A. Composition and Size of the Board

As at the date of this statement, the Board consists of nine (9) members comprising an Executive Chairman, two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The current composition of the Board complies with Paragraph 15.02(1) of the Main Market Listing Requirements which required at least one third (1/3) of the Board are Independent Directors.

The Securities Commission had, in its Corporate Governance Blueprint 2011 ("Blueprint 2011"), recommended gender diversity in the boardroom, with the goal of having women participation on boards to reach 30% by 2016. The Board is supportive of gender diversity in the boardroom as recommended by the Blueprint 2011. Presently, there are four (4) female Directors, representing 44% women participation on the Board of the Company.

#### B. Board Balance and Independence

The Board had examined its size and felt that its current Board size of nine (9) members comprising almost fifty percent (50%) Independent Non-Executive Directors is effective and appropriate. There is a good mix of skills and core competencies in the Board membership.

The Board comprises of directors with the areas of expertise required to ensure effective governance of the Company and provide strategic advice to the Management. The Directors through their vast experiences and qualifications in economics, accounting, finance, legal, property development, property investment, hospitality and business management provide effective contribution and support to the functions of the Board. They bring with them a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities which are vital to its success.

A brief profile of each member of the Board is presented on pages 8 to 18 of this Annual Report.

There is clear segregation of responsibilities between the Executive Chairman and Chief Executive Officer to ensure balance of power and authority. The Executive Chairman, who is not previously a Chief Executive Officer is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Chief Executive Officer has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

The Executive Directors are responsible for the day-to-day operational management of the Group and its businesses. There is a clear division of responsibilities at the helm of the Group to ensure a balance of authority and power. The executive powers of the Executive Chairman, Chief Executive Officer and the Executive Directors are balanced by the presence of Independent Non-Executive Directors. The four (4) Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company.

They bring an external perspective and exercise their independent judgement on issues of strategy, standards of conduct, resources, processes and safeguarding of interests of minority shareholders.

In respect of potential conflict of interest, the Board is satisfied that there is no undue influence involved in all related party transactions. All such transactions were independently scrutinized by the Audit Committee to ensure that they complied with the Main Market Listing Requirements. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process. The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction and he or she does not exercise any influence over the Board in respect of the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in the Company on the resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

This division of duties and responsibility represents the practical alternative of compliance with the recommended practice by MCCG 2012 requiring the Chairman of the Board to be a Non-Executive Director.

Notwithstanding that the Board does not comprise majority Independent Directors where the Chairman is not an Independent Director as recommended in the MCCG 2012, the Independent Directors are able to exercise strong independent judgement and provide independent views and advice to all Board deliberations. This represents satisfactory alternative to the requirement of the recommended best practices of having the majority Board members to be Independent Directors where the Chairman of the Board is non independent, with appropriate representations of minority interest through the Independent Non-Executive Directors. Nevertheless, the Board endeavours to fulfil the said recommendation in the coming years.

The current size and composition of the Board reflects the interest of shareholders as the current structure of the Board ensures that no single individual or group dominates the decision making process. The presence of Independent Non-Executive Directors also safeguard the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.

The Board had also implemented a process for annual assessment of the effectiveness of the Board as a whole, the Board committees, and for assessing the contribution of each individual Director. This annual process will be carried out by the Nomination Committee.

### C. Board Role and Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction, corporate planning and overseeing the investment and business of the Group. The Board maps out the Group's medium and long term strategies in addition to its responsibility to review the Management's action plans. The Board's other primary duties are to conduct regular reviews of the Group's business operations and performances and to ensure that effective controls and systems exist to measure and manage the principle risks of the Company's business. The Board also reviews major strategic initiatives of the Company to determine whether the Company's proposed actions accord with long-term business strategies and shareholder objectives. At the same time, the Board also undertakes the responsibility of safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources, including issuance of debt and equity securities, setting an appropriate dividend policy, ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material contracts or transactions, related party transactions and capital financing.

The Board reserves for its consideration significant matters such as the following:

- Approval of financial results and budgets
- Declaration of dividends
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure
- Appointment of key persons

The Executive Chairman is responsible for:

- leading the Board in setting the values and standards of the Company;
- ensuring integrity and effectiveness of the governance process of the Board;

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- managing boardroom dynamics by promoting a culture of openness and debate; and
- taking the lead to ensure the appropriateness and effectiveness of the succession planning programme for the Board and senior management levels.

The Chief Executive Officer is primarily accountable for overseeing the day-to-day operations to ensure smooth and effective running of the Group. He is responsible for mapping medium to long-term business strategies and plans for Board approval, and is accountable for implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies.

The Independent Non-Executive Directors are actively engaged in the following:

- Independent performance monitoring of the operations of the Group;
- Advising and monitoring corporate governance framework, policies and practices;
- Monitoring risk management issues as well as internal control; and
- Providing independent insights and value add to management proposals as well as protecting interests of minority shareholders.

The Independent Non-Executive Directors also regularly engage in discussion with senior management, Group Internal Audit Division, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.

The Board also delegates certain responsibilities to the Board Committees, all of which operation within their defined terms of reference. Notwithstanding this, the Board remain responsible for its fiduciary duties.

### D. Board Meetings and Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before end of the current financial year so that the Directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

Unless there are urgent matters, the Board normally meets quarterly to review financial, operational and business performances. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

In the intervals between Board Meetings, any matters requiring Board decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

During the financial period ended 31 December 2015, five (5) Board Meetings were held and the attendance of the Board members is as follows:-

Name of Directors	Number of Board Meetings	
	Held During Tenure in Office	Attended
Datuk Tiah Thee Kian	5	5
Datin Tan Kuay Fong	5	5
Zainab Binti Ahmad	5	5
Dato' Sri Mohamed Bin Abid	5	5
Kimmy Khoo Poh Kim	5	5
Peter U Chin Wei	5	5
Jory Leong Kam Weng	5	5
Christopher Koh Swee Kiat	5	5
Datin Rahmah Binti Mahmood	5	5

The agenda of the Board meetings together with its detailed reports, proposition papers and other relevant information on matters requiring the consideration of the Board is circulated to all Directors for their perusal and consideration well in advance of each Board meeting, normally at least 7 days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

Board meetings are held to review Management reports on the progress of business operations and to consider, and if deemed fit, to approve such proposals that requires the sanction of the Board.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of salient views and conclusions of the Audit Committee following its members' deliberations at Audit Committee meetings.

The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are being concluded. All proceedings from the Board meetings are recorded and confirmed by the Chairman of the meeting. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

The information provided by the Management to the Directors is considered to be critical to the Directors' effectiveness. In addition to the reports presented to the Board at regularly scheduled and special meetings, the Directors are also kept informed on a timely basis by Management of corporate developments and key decisions taken by the Management in pursuing the Company's strategic plan and the attainment of its objectives. The Board has access to all information within the Group and also to the advice or services of the Company Secretary and Senior Management in carrying out their duties. Senior Management of the Group is also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

The Directors also seek external professional advice to render their independent views and advice to the Board, whenever deemed necessary.

#### **E. Board Committees**

The Board has set up several Board Committees as well as Management Committees to assist the Board in discharging its duties and responsibilities. The functions and terms of reference of the Board Committees and Management Committees together with the authority delegated by the Board to these committees are clearly defined in their respective terms of reference. Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. Management Committees comprise of Property Management Committee, Tender Committee, Treasury Investment Committee and Risk Management Committee.

The Management Committees meet from time to time to discuss, deliberate, consider and submit proposals on issues of financial performance, tax planning, risk management, information technology support, corporate governance issues, business development, investment activities, hotel operations, property development and property management. The Board receives regular status reports, updates and briefing from the Management. Where necessary, these committees make recommendations to the Board for their final decision. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may also form other committees delegated with specific authorities to act on its behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

#### **F. Board Charter**

The Board has adopted a Board Charter which is available on the corporate website, [www.taglobal.com.my](http://www.taglobal.com.my). The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions and responsibilities of the Board, the Board Committees and the senior management.

## G. Company Secretary

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, regulations, board policies and procedures and compliance with the relevant regulatory requirements affecting the Company and Group. The Board is supported by suitably qualified and competent Company Secretaries who are a member of a professional body.

Every Board member has ready and unrestricted access to the advice and services of the Company Secretaries who are capable of carrying out the duties and responsibilities, to which the post entails.

The roles and responsibilities of the Company Secretaries include the following:-

- advise the Board and management on governance issues;
- ensure compliance of listing and related statutory obligations;
- attend Board, Committees and general meetings, and ensure the proper recording of minutes;
- ensure proper upkeep of statutory registers and records;
- assist Chairman in the preparation for and conduct of meetings; and
- continuously update the Board on changes to listing rules, other related legislations and regulations.

## H. Board Appointment

The appointment of any new member(s) to the Board and Board Committees is proposed and recommended by the Nomination Committee. The actual decision as to who should be nominated should be the responsibility of the full board after considering the recommendations of the Nomination Committee. The Nomination Committee considers and recommends technically competent persons with integrity and a strong sense of professionalism to be appointed to the Board of the Company.

The Nomination Committee comprises of three (3) members all of whom are Independent Non-Executive Directors. The Nomination Committee is chaired by Mr Peter U Chin Wei, an Independent Non-Executive Director, who is also the senior independent Director identified by the Board.

The members of the Nomination Committee which is wholly comprised of Independent Non-Executive Directors are as follows:

Name	Designation
Peter U Chin Wei (Chairman)	Independent Non-Executive Director
Jory Leong Kam Weng	Independent Non-Executive Director
Christopher Koh Swee Kiat	Independent Non-Executive Director

The key salient Terms of Reference of the Nomination Committee are in its "Functions, Duties and Responsibilities" as set out below:

- i. To recommend to the Board candidates for all directorships of the Company by considering the following attributes of the candidates:
  - Skills, knowledge, expertise and experience;
  - Professionalism; and
  - Integrity.

In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will evaluate the candidates' ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director. The Independent Non-Executive Directors are nominated based on their:-

- financial acumen;
- legal acumen;

- experience in growth initiatives;
  - knowledge of government and public policy;
  - experience in board governance;
  - international experience particularly in the Company's locations of business; and
  - experience in one or more industry sectors.
- ii. To evaluate and consider the nominated candidates for directorships proposed by the Executive Chairman, any director or shareholders and/or senior executive.
  - iii. To recommend to the Board the nominated Directors to fill the seats on the Board Committees.
  - iv. To appraise each individual Director, including Independent Non-Executive Directors, as well as the Executive Chairman in terms of his experience, knowledge, credibility and credential and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company.
  - v. To examine the ability of each Director to contribute to the effective decision making process of the Board and ensure that the Board of the Company is functioning actively, efficiently and effectively in its entire decision making.
  - vi. To review the required mix of skills, experience, qualities and core competencies which each Non-Executive Directors shall bring to the Board for it to function effectively and efficiently.
  - vii. To implement the relevant policies, criterias and procedures set by the Board for the nomination, appointment and election of Directors.
  - viii. To ensure that all selection and nomination of candidates for directorship by the Board are for the benefit of the Company and that such nominations and appointments are carried out expediently and in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.
  - ix. To assess the effectiveness of the Board as a whole and the committees of the Board.

The Nomination Committee meets as and when required, and at least once a year.

During the financial period, 2 meetings were held with full attendance from the Nomination Committee members to deliberate on the following matters:

- i. Through the Annual Assessment and Evaluation Exercise, the Nomination Committee had reviewed and assessed the effectiveness of the Board and the Board Committees as well as the contribution of the individual Directors based on the criteria set out by the Board. All assessments and evaluations carried out by the Nomination Committee were also properly documented.
- ii. Reviewed its Terms of Reference.
- iii. Proposed and nominated to the Board the appointment of Chief Executive Officer.

The Nomination Committee had also passed one (1) resolution during the financial period.

The Board, through the Nomination Committee had reviewed and assessed the required mix of skills and experience and other qualities including core competencies which its existing Non-Executive Directors bring to the Board.

In respect of the assessment for the financial period ended 31 December 2015, the Board was satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between the executive, non-executive and independent Directors and mix of skills and experience was adequate.

#### **I. Re-appointment, Retirement by Rotation and Re-election**

In accordance with the Company's Articles of Association, all Directors who appointed by the Board are subjected to re-election by the shareholders in the next Annual General Meeting subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each Annual General Meeting. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

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Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming Annual General Meeting and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

### J. Directors' Training

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend Mandatory Accreditation Programme (MAP) in full and procure a certificate from the programme organiser approved by Bursa Malaysia to confirm his/her completion of the MAP. He/She is required to complete the MAP within 4 months of his/her appointment.

All members of the Board had attended and completed the MAP as prescribed by Bursa Malaysia.

Directors' training is an on-going process as the Directors recognize the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

The Company Secretary facilitates the organization of internal training programmes and Directors' attendance of external seminars and programmes, and keeps a complete record of the training received by the Directors.

All the Directors have attended conferences, seminars and trainings programmes during the financial period. Particulars of programmes attended by the Directors as at 31 December 2015 were as follows:

Name of Directors	Programmes attended
Datuk Tiah Thee Kian	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on                             <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> </ul>
Datin Tan Kuay Fong	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on                             <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> <li>• Advocacy Sessions on Management Discussion &amp; Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers by Bursa Malaysia</li> <li>• Corporate Governance Director's Workshop - The Interplay Between Corporate Governance, Non-Financial Information and Investment Decision: What Boards of Listed Companies Need to Know by SIDC</li> </ul>
Dato' Sri Mohamed Bin Abid	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on                             <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> </ul>
Pn Zainab Binti Ahmad	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on                             <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> </ul>

Mr Peter U Chin Wei	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on               <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> <li>• Audit Committee Conference 2015 – Rising to new challenges by the Malaysian Institute of Accountants</li> </ul>
Mr Jory Leong Kam Weng	<ul style="list-style-type: none"> <li>• Audit Committee Conference 2015 – Rising to new challenges by the Malaysian Institute of Accountants</li> <li>• Lead the Change – Getting Women on Boards by The 30% Club Malaysia</li> <li>• Financial Institutions Directors' Education Programme Module A (Insurance) by The ICLIF Leadership and Governance Centre</li> <li>• Financial Institutions Directors' Education Programme Module B (Insurance) by The ICLIF Leadership and Governance Centre</li> <li>• MIA International Accountants Conference 2015 by Malaysian Institute of Accountants</li> <li>• Budget 2016 Highlights &amp; Latest Tax Developments by PCCO Accounting Group</li> </ul>
Mr Christopher Koh Swee Kiat	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on               <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> </ul>
Ms Kimmy Khoo Poh Kim	<ul style="list-style-type: none"> <li>• TA In-House Directors' Training on               <ul style="list-style-type: none"> <li>a) Anti-Money Laundering by Mr Rueben Panchadcharam of RHT Compliance Solutions Sdn Bhd</li> <li>b) Cyber Security by En Mohammad Ridzuan Abdul Aziz of RHT Compliance Solutions Sdn Bhd</li> </ul> </li> <li>• Advocacy Sessions on Management Discussion &amp; Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers by Bursa Malaysia</li> <li>• Seminar on "Law of Contract and its Applications" by Suruhanjaya Syarikat Malaysia - Contract Training Division</li> </ul>
Datin Rahmah Binti Mahmood	<ul style="list-style-type: none"> <li>• Sustainability Symposium: Responsible Business Responsible Investing by Bursa Malaysia</li> </ul>

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for the Board's references.

#### K. Directors' Code of Conduct and Whistle-Blowing Policy

The Board had adopted a Directors' Code of Conduct which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner.

The Board has also adopted a Whistle-Blowing Policy which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group. Both the Code of Conduct and the Whistle-Blowing Policy are available on the corporate website, [www.taglobal.com.my](http://www.taglobal.com.my).



## DIRECTORS' REMUNERATION

A Remuneration Committee has been established by the Board to assist the Board in establishing a formal and transparent procedure for developing policy on compensation and remuneration and for fixing the remuneration packages of individual Directors.

The Remuneration Committee is authorised by the Board to assess and review the remuneration packages of the Executive Directors including their fees and subsequently furnishes recommendations to the Board on specific adjustments in remuneration to commensurate with the respective contributions of the Directors. However, the remuneration of the Independent Non-Executive Directors is determined by the Board as a whole. Recommendations of the Remuneration Committee will be reported to the Board for their final decision. Directors do not participate in decisions regarding their own remuneration.

In determining the Directors' remuneration, the Board also takes into consideration the pay and employment conditions within our industry. The Annual Assessment and Evaluation Exercise conducted by the Nomination Committee forms the basis for determining or reviewing the Executive Directors' remuneration which is linked to their individual performance and contributions as well as the Company's performance. Directors' fees are recommended by the Board for the approval of shareholders of the Company at the Annual General Meeting.

The members of the Remuneration Committee, which is wholly comprised of Independent Non-Executive Directors, are as follows:

Name	Designation
Peter U Chin Wei (Chairman)	Independent Non-Executive Director
Jory Leong Kam Weng	Independent Non-Executive Director
Christopher Koh Swee Kiat	Independent Non-Executive Director

The Remuneration Committee had passed four (4) resolutions following its review of the remuneration package of directors during the financial period.

The functions, duties and responsibilities of the Remuneration Committee which form the fundamentals of its terms of reference, are set out below:

- i) To recommend to the Board the appropriate remuneration packages for the Executive Directors, including but not limited to the following:-
  - annual salary increment
  - annual bonus
  - employment benefits
  - rewards and compensation
  - profit sharing scheme
  - Employee's Share Option Scheme
- ii) To formulate policies, guidelines and set criterias for remuneration packages for the Executive Directors;
- iii) To ensure that the Executive Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;
- iv) To ensure that all necessary action is taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration to ensure that the Company attracts and retains the individual Directors needed to run the Company successfully; and
- v) To ensure that all remuneration packages and benefits given to the Directors are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.

The remuneration of the Directors of the Company during the financial period is disclosed in Note 25 of the Audited Financial Statements.

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## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining effective communication with its shareholders and endeavours to keep its shareholders informed of its progress through a comprehensive Annual Report, quarterly interim reports and periodic press releases. Thus, its annual report contains a balance of reports on results and progress of the business. In addition, the shareholders and investors have timely and convenient access to public information on the Group via the corporate website at [www.taglobal.com.my](http://www.taglobal.com.my), its annual report, circulars to shareholders and Bursa Malaysia's website for corporate announcements and quarterly financial results.

The main forum for dialogue with shareholders is during the Annual General Meeting. At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. Directors and senior management staff are available to respond to shareholders' questions during the meeting. Extraordinary General Meetings are held as and when required.

The Company maintains a website at [www.taglobal.com.my](http://www.taglobal.com.my) that allows shareholders and investors to gain access to information on the Group as well as to direct their queries and feedback to the Board of Directors and/or Management through the email, [ir.tag@ta.com.my](mailto:ir.tag@ta.com.my) posted at the aforesaid website. The website also provides access to the Company's published reports, press releases and supplementary information provided to analysts and investors.

The Company also maintains an investor relations programme to respond to enquiries in a timely manner. The Management meets on a regular basis with investment analysts and financial advisors to ensure that accurate information is available to investors. The Company also endeavours to ensure that the media are kept informed of developments on a timely basis, and have an opportunity to meet and discuss these developments with the Company's designated spokespersons.

All queries and concerns of shareholders and public in general are directed to our Independent Non-Executive Director, Mr Christopher Koh Swee Kiat.

## COMPANY'S DIVIDEND POLICY

Since year 2009, the Company had adopted a dividend policy which will pay the shareholders consistent yearly dividends ranging between 20% and 50% of the Group's net profit for that financial year subject to the availability of cash reserves and the Group's requirement to retain cash in the business for future expansion or investments.

## ACCOUNTABILITY AND AUDIT

### A. Financial Reporting

In presenting the Annual Financial Statements, Annual Report and Quarterly Reports to shareholders and the regulatory authorities, the Board is committed in providing a balanced, clear and comprehensive assessment of the Company and of the Group's financial position, performance and prospects. The Board is also committed to providing transparent and up-to-date disclosures of the performance of the Company and of the Group as reflected in the timely release of announcements on quarterly financial statements.

The Board is assisted by the Audit Committee to oversee the Company and the Group's financial reporting process and the quality of its financial reporting. The Audit Committee reviews the annual and interim financial statements of the Company and of the Group including the appropriateness of the accounting policies, its changes, if any, and the resultant impact as well as compliance with approved accounting standards and regulatory requirements.

The Audit Committee also discussed with the external auditors on their observations in relation to significant accounting and auditing issues as well as the relevancy and appropriateness of the accounting principles applied and judgement affecting the financial statements.

The Board is responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

The Statement on Director's Responsibility in relation to the Financial Statements and the Statement by Directors pursuant to Section 169 of the Companies Act, 1965 are set out on pages 59 and 208 of this Annual Report.

### **B. Internal Control**

The Board acknowledges its responsibility for the Group's systems of internal controls and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud. The Board is ultimately responsible for the Group's system of internal controls while the Executive Chairman, Yg Bhg Datuk Tiah Thee Kian, is responsible for managing the internal controls of the Group. His profile is presented on page 8 of this Annual Report.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 55 to 58 of this Annual Report.

The Executive Director, Ms Kimmy Khoo Poh Kim, is overseeing the Group's legal and regulatory compliance. She oversees the day-to-day operations, systems control and management function of the Group's property development, property investments, property management and hospitality divisions. She personally oversees the offshore properties of the Group located in Canada, Australia, Singapore, China and Thailand. She is also responsible for the Group's Risk Management function. Her profile is presented on page 13 of this Annual Report.

The risk factors of the Group's businesses are identified as follows:-

- Market Risk associated with dependency on market demands and supply, property trends, geographical locations, consumer confidence, threats from incoming additional supply of properties from competitors, subdued property and hotel market, and the downsizing of operations by many business organizations, global and local conditions such as government regulations and competition.
- Business Risk inherent in the tourism and property industries such as general economic and political climate, customer preferences, the overall environmental factors such as the outbreak of diseases and weather conditions in the region, the cyclical nature of the property market, changes in political and government legislation, changes in legal and environmental framework, building material shortages, increases in cost of labour and business and credit conditions.
- Competitor Risk from existing competitors and new entrants.
- Economic Risk associated with the economy conditions poor economic sentiment and property cycles.
- Pricing Risk due to price hike in construction materials.
- Counterparty Risk associated with the risk of the financial standing of the Contractor to honour the contracted construction cost, the risk of the Suppliers, Consultants and Contractors in meeting their deliveries, obligations and commitments.
- Occupational Health & Safety Risk resulting in hazards and accidents in construction site and workplace.
- Legal Risk in losses resulting from inadequate or fraudulent documentation of agreements, contracts and promotional materials.
- Regulatory Risk relating to change of regulatory controls, guidelines and policies resulting in financial consequences.
- Operational Risk associated with under-coverage for assets or inadequacy of insurance, security and systems disruptions, fraud, human error, systems defects or control problems and inadequacy in managing the daily operations and business of the properties in achieving efficiency and profitability.
- Credit Risk related to the collection of receivables from the tenants and counterparties.
- Cross Border Risk associated with foreign investments and operations includes currency fluctuations, trade restrictions, sovereignty, political and economic risks.
- Foreign Exchange and Translation Risks caused by fluctuations in the exchange rate between the foreign currencies of the market the Group operates in against the Malaysian Ringgit which may affect investment returns of the Group.

## C. Audit Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal controls, risk management and governance process of the Company and the Group.

The minutes of the Audit Committee meetings are tabled to the Board for notation and action by the Board, where appropriate.

Activities carried out by the Audit Committee during the financial period are set out under the Report on Audit Committee on pages 51 to 54 of this Annual Report.

## D. Relationship with Auditors

### Internal Auditors

Group Audit reports functionally to the Audit Committee and has unrestricted access to the Audit Committee. Its function is independent of the activities or operations of other operating units. The Group Audit regularly evaluates the effectiveness of the risk management process, reviews the operating effectiveness of the internal controls system and compliance control in the Group. The Head of Internal Audit is invited to attend the Audit Committee meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are then tabled to the Board for information and serve as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification on.

### External Auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors. The Audit Committee meets with the External Auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. The Audit Committee also meets with the external auditors at least twice a year without the executive Board members being present. In addition, the External Auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The role of the Audit Committee in relation to external auditors may be found in the Report on Audit Committee set out on pages 51 to 54. The external auditors meet with the Audit Committee to present the scope of the financial audit and to review the results of the said audit after the conclusion of the audit.

The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial period under review, the Audit Committee had met up with the External Auditors four (4) times and had three (3) private sessions with the External Auditors without the presence of the executive Board members and the Management.

A new External Auditor was appointed for the financial period ended 31 December 2015.

The External Auditors rotate their engaging partner in charge of the audited financial statements of the Company and the Group once every five (5) years to maintain their independence from the Group.

# STATEMENT ON CORPORATE GOVERNANCE |

## OTHER INFORMATION

- A. Shares Buy-Back**  
There was no Shares Buy-Back scheme in place during the financial period ended 31 December 2015.
- B. Options, Warrants or Convertible Securities Exercised**  
The Company did not issue any options, warrants or convertible securities during the financial period ended 31 December 2015.
- C. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**  
The Company has not sponsored any ADR or GDR programme.
- D. Sanctions and/or Penalties Imposed**  
Save as disclosed previously, the Company is not aware of any other sanctions or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies that have been made public which have yet to be disclosed.
- E. Non-Audit Fees**  
The amount of non-audit fees paid to the External Auditors, Messrs. KPMG Malaysia, and its affiliates, by the Group and the Company for the financial period amounted to RM123,000.00 and RM92,000.00 respectively.
- F. Material Contracts Involving Directors' and Major Shareholders' Interest**  
There were no material contracts entered into by the Company or its subsidiaries involving the interests of Directors or major shareholders during the current financial period.
- G. Variation in Results**  
There were no variances of 10% or more between the audited results of the financial period and the announced unaudited results.
- H. Profit Guarantee**  
During the financial period, there were no profit guarantees given by the Company.
- I. Utilisation of Proceeds**  
There was no utilisation of proceeds during the financial period ended 31 December 2015.
- J. Profit Estimate, Forecast or Projection**  
The Company did not release any profit estimates, forecast or projections for the financial period ended 31 December 2015.

## COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved the Statement on Corporate Governance. The Board is pleased to report that this Statement on Corporate Governance provides the corporate governance practices of the Company with reference to the MCCG 2012. The Company has fully applied the broad Principles set out in the MCCG 2012. The Board, however, has reserved several of the Recommendations and their Commentaries and has rationalised and provided justifications for the deviations in this Statement on Corporate Governance. Nevertheless, the Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

This statement had been approved by the Board of Directors on 19 April 2016.