

Statement of Corporate Governance

The Board of Directors (“the Board”) and Management of Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “Company”) recognise the exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism as a key component for the Company’s continued progress and success. These will not only safeguard and enhance shareholders’ investments and value but will at the same time foster business sustainability and growth.

A testament to Perangsang Selangor’s commitment on Corporate Governance, Perangsang Selangor had scored an average of 81.2% in 2015 compared to average score of 71.11% in 2014 and average industry score of 68.7% across six (6) Principles of Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) based on the Analysis of Corporate Governance Disclosure in Annual Report 2015-2016 (“CG Analysis 2015-2016”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”). Based on the total percentage score distribution across 280 public listed companies (“PLCs”) selected by Bursa Securities for the CG Analysis 2015-2016, the score placed Perangsang Selangor in the top 26 PLCs. The Board/Management will continue to endeavour its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements.

As a public listed company listed on the Main Market of Bursa Securities, Perangsang Selangor is guided by among others the following statutory and non-statutory documents:

- Companies Act, 2016 (“CA 2016”)
- The MCCG 2012 issued by Securities Commission Malaysia
- Bursa Securities Main Market Listing Requirements (“Bursa Securities MMLR”) and its amendments therefrom
- Corporate Governance Guide (Second Edition) issued by Bursa Securities
- Corporate Disclosure Guide issued by Bursa Securities

A. BOARD OF DIRECTORS

1. Board Responsibilities

The Board of the Company takes full responsibility for the performance of the Perangsang Selangor Group (“the Group”). The Board guides the Company on its short and long term goals, providing advice and devising strategies on management and business development issues, and monitoring the Management’s performance in implementing them.

The Board assumes the following roles and responsibilities:

a) Reviewing and adopting the Company’s strategic plan

The Board plays a pivotal role in reviewing the Company’s strategic direction and approving corporate strategic initiatives developed by the Management. The Board deliberates annually on the Company’s strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives (“CKIs”) and Key Performance Indicators (“KPIs”) for the Company and Chief Executive Officer (“CEO”) respectively. This will ensure that the CKIs/KPIs correspond with the Company’s annual strategic initiatives and business plan. The Board reviews and deliberates on the Management’s views/assumptions in ensuring the best decisions are reached after considering all relevant aspects.

Besides that, separate and informal sessions between the Board and Senior Management, known as the Board Retreat Session (“BRS”), are held to discuss in-depth and exchange views as well as opinions in formulating strategic initiatives plans and to chart the direction of the Group, including the reporting of its progress as well as other issues/challenges faced by the Company. The BRS was jointly organised by Strategic Planning and Investment Department and Finance Department. During the financial year under review, there were three (3) BRS held on 14-15 May 2016, 25 October 2016 and 17-18 December 2016.

The progress of strategic initiatives plan, its execution and challenges were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor the implementation of the approved strategic initiatives plan by Management.

b) Overseeing the conduct of the Company’s business

The CEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team.



The performance of the Management is measured through the Company's and Group's quarterly financial reports as well as half yearly performance review of the CEO. The Board, on a continuous basis, is well informed of the progress of the Company's strategic initiatives and critical operational issues as well as of the Group's performance based on approved CKIs/KPIs.

c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board Risk Management Committee ("BRMC" or "Board Risk Management Committee") assists the Board in overseeing the establishment, implementation and effectiveness of the risk management system. The BRMC on behalf of the Board, also approves risk management policies/practices, reviews periodic reports on risk management and makes relevant recommendations to the Board for its approval. Details of the BRMC and the risk management framework are set out in the Statement of Risk Management and Internal Control of this Annual Report.

Based on the annual evaluation for the financial year under review, the Board collectively agreed that it has discharged its roles in identifying principal risks and in ensuring that the Group has put in place an adequate risk management framework to effectively assess, monitor and manage its key risks areas.

d) Succession planning

The Board, through the Nomination Committee ("NC" or "Nomination Committee") is responsible for ensuring that there is effective and orderly succession planning in Perangsang Selangor Group. The NC has been entrusted to review the succession planning of the Board and CEO position (C Level). Talent Management and Succession Planning policies set by the Group will be used as guiding principle. Among the key duties of the NC on the succession planning of the Group are to identify high potential and selected talents for C Level position, to approve specific development intervention of selected talent, to ensure follow through on development agenda of each talent and to review progress, new assignments, hiring external expertise in order to recalibrate development activities to address capability needs for optimum results.

During the financial year under review, the NC had on 21 October 2016 reviewed the Talent Management and Succession Planning for Chief Executive Officer Level position of the Company and the Board is satisfied that the NC has efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its Terms of Reference ("TOR").

With regards to talent management for C-1 position (Senior Management) and below, the succession planning was tabled and deliberated at the Talent Review Committee ("TRC") held on 29 September 2016. The members of the TRC are Chief Executive Officer, Chief Operating Officer and Director of Human Resource and Administration and two Board representatives namely Dato' Idris bin Md Tahir and Dato' Dr Mohamed Ariffin bin Aton.

Overall, the Board collectively concurred that succession planning for the CEO and Senior Management as well as for the Company's future leaders has been developed.

e) Overseeing the development and implementation of a shareholder communications policy for the Company

The Board recognises Investor Relations ("IR") as a key component of its Corporate Governance obligations. To facilitate greater understanding of the Group's business and growth prospects amongst the investment community, the Board has identified an IR Agency for imminent engagement to develop and implement a systematic and compelling IR programme with the aim of creating value and generating capital appreciation opportunities.

f) Reviewing the adequacy and integrity of the Company's internal control system

The Board is responsible for ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurred that it has discharged its roles through the BRMC and Audit Committee ("AC" or "Audit Committee") whereby quarterly meetings were held in reviewing the effectiveness of the Company's internal control system. Details of the Company's internal control system and its effectiveness are provided in the Statement of Risk Management and Internal Control in this Annual Report.

Statement of Corporate Governance

2. Board Charter

The primary objective of the Company's Board Charter ("Charter") is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions. Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant rules/regulations/standards of corporate governance.

The last review approved by the Board was on 26 February 2013.

The Charter can be found from the Company's Corporate website at www.perangsangselangor.com.

3. Board Composition and Balance

The Board, led by a Non-Independent Non-Executive Chairman, consists of nine (9) Non-Executive Directors, six (6) of whom are Independent Directors. The high proportion of Independent Directors provides for effective check and balance in functioning of the Board. It is also as recommended by the MCCG 2012 and has exceeded the minimum requirement as prescribed in Paragraph 15.02(1) of the Bursa Securities MMLR.

The Directors include professionals in the fields of economics, finance, business and marketing, accounting, legal, engineering and banking. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

The profile of all the Directors are set out from page 18 to 26 of this Annual Report.

The Board having reviewed the size and complexity of the Group's operation, is of the opinion that the number of members in the Board is appropriate. The Board noted that currently there is no specific policy on board composition. Nevertheless, it has been the practice of the Company that the composition of the Board shall be reviewed on an annual basis by the Nomination Committee to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

Recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. None of the Independent Directors has served the Board for nine (9) years. The Company has no intention to seek the approval from the shareholders should there be any independent director reaching tenure of 9 years. Notwithstanding this, the Board will then decides on this matter as and when the need arises.

During the financial year under review, the Nomination Committee and Board have assessed, reviewed and determined that the independence of Encik Mustaffa Kamil bin Ayub, YB Dato' Kamarul Baharin bin Abbas, YB Sivarasa a/l Rasiah, YBhg Dato' Dr. Mohamed Ariffin bin Aton, Encik Rosely @ Mohamed Ross bin Mohd Din and YBhg Dato' Idris bin Md Tahir remain objective and independent based on the following justifications/aspects contributed by them as members of the Board and Board Committees against the criteria for assessment of independence of Directors developed by the Nomination Committee:

- a) Have fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities MMLR;
- b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;
- c) Have performed their duties as Directors without being subject to influence of Management;
- d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;
- e) Is not a family member of any executive Director, officer and major shareholder of the Company; and
- f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.



The Independent Directors have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation and decision making process of the Board. Such declarations by the Independent Directors were made via written confirmation to the NC during the annual Board evaluation exercise for 2016.

4. Separation of Power between the Board and Management

The functions of the Board and Management are distinguished to ensure the smooth running of the Company's business and operations. The separation of powers ensure that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company. The Non-Executive Chairman presides over the meetings of the Board. His role and function are clearly separated and distinct from the CEO whom is specifically responsible for managing the strategic and operational agenda of the Group and for the execution of the directives and policies of the Board, as well as directing the business operations of the Group on a day-to-day basis. The CEO is to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation. In connection therewith, the CEO keeps the Board informed on the progress of the Company's strategic initiatives, overall operational issues, performance of the Group based on approved CKIs/KPIs and the major issues faced by the Group, together with bringing forward to the Board significant matters for its consideration and approval, where required.

Non-Executive Directors do not participate in the day-to-day management of the Group. However, they contribute in areas such as policy and strategy, performance monitoring, as well as improving governance and controls.

During the financial year under review, Encik Ahmad Fariz bin Hassan ("Encik Ahmad Fariz"), was appointed as CEO of Perangsang Selangor with effect from 1 May 2016. In his first year of leadership, he has established a commendable relationship with the Board, employees and stakeholders as demonstrated below:

- a) Having regular updates/meetings with Board members through Board, Board Committees meetings and BRS;

- b) Established good networking with major shareholders mainly Menteri Besar Selangor (Incorporated), Perbadanan Kemajuan Negeri Selangor, Tabung Haji and Tabung Warisan Negeri Selangor with the aim of getting their continuous support towards the Group's strategic initiatives;
- c) Conducted weekly Breakfast Meeting with staff from all level. Based on the feedback from the survey of the Breakfast Meeting, 98% of the staff were happy to have such private session with the CEO; and
- d) Conducted three Town Halls on 22 January 2016, 21 July 2016 and 14 December 2016 where he shared with all staff the approved five (5) years Business Plan and Budget 2016, 2016 Business Plan updates and achievements and Question and Answer session, in order to provide clarity for employees in achieving a goal congruence.

Encik Ahmad Fariz has demonstrated his strong ability in ensuring the corporate strategic plans of the Group are properly executed as planned thus meeting its targets. Besides that, Encik Ahmad Fariz has succeeded in identifying good investments opportunities evidenced by the two major acquisitions namely Century Bond Bhd, which was then a public listed company with core activity in manufacturing business and Kaiserkorp Corporation Sdn Bhd licensing business.

Premised on the above, the Board is confident that Encik Ahmad Fariz is able to continuously lead Perangsang Selangor towards achieving its strategic objectives.

5. Boardroom and Workforce Diversity Policies Board Diversity Policy

The Company acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. As a follow through, the Board had on 28 April 2015 established the Board Diversity Policy which covers gender, age and ethnic policy to inculcate Boardroom Diversity in maintaining a competitive edge.

Statement of Corporate Governance

Notwithstanding the above, the Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capability. In identifying suitable candidates for appointment to the Board, Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Currently, the Board composition and all Board appointments are made on merit, in the context of skill and experience regardless of age, gender, ethnicity and nationality. Table 1 summarise the percentage in terms of gender, ethnicity, age and nationality of the Board:

Table 1

Gender		Ethnicity				Age Group			Nationality	
Male	Female	Malay	Chinese	Indian	Other	40-49 years	50-59 years	60years and above	Malaysian	Non-Malaysian
9 (100%)	NIL	8 (89%)	NIL	1 (11%)	NIL	1 (21%)	2 (22%)	6 (67%)	8 (89%)	1 (11%)
Total number of Directors : 9		Total number of Directors : 9				Total number of Directors : 9			Total number of Directors : 9	

With regards to gender diversity, Perangsang Selangor does not practice any form of gender discrimination and does not set any specific target for female director to sit in the Board as both genders have been accorded fair and equal treatment. Thus far, any new appointments to the Board were based on merits rather than fulfilling any gender quotas. Henceforth, all appointments will be in accordance with the needs of the desired skills set, background and experience expected of a Company Director.

Notwithstanding the above, the Board is aware of Recommendation 2.2 of the MCCG 2012 that the Board should have clear target and measures to appoint woman on Board. As such, the Board will review the measures set and endeavour to achieve appropriate boardroom diversity from time to time.

Workforce Diversity

The right to be employed coupled with equal employment opportunity to all genders, religions, age and ethnicity are the core guiding principle while performing the sourcing and recruitment activities within the Group. Perangsang Selangor recognises educational qualifications, skills, knowledge, competencies and potential to grow within the company of every personnel, as part of existing process in developing a winning culture in the organisation.

A good mix and distribution of gender is being practiced within the Group with 74.72% representing male and 25.28% female workforce as shown in Table 2:

Table 2

2016 Perangsang Selangor Group Workforce by Gender

Gender	Number of Staff	%
Male	269	74.72%
Female	91	25.28%
TOTAL STAFF	360	100%

The Group recognises the contribution of women at management level whereby currently women make up 25.61% of the total management category, contributing to day to day decision making processes as shown in Table 3:

Table 3

Top, Senior and Middle Management Category

Gender	Number of Staff	%
Male	61	74.39%
Female	21	25.61%
TOTAL STAFF	82	100%

Similarly for the executive and non-executive category, the gender diversity is represented by 25.18% make up of female staff as shown in Table 4:

Table 4

Executive and Non Executive Category

Gender	Number of Staff	%
Male	208	74.82%
Female	70	25.18%
TOTAL STAFF	278	100%



Statement of Corporate Governance

With regards to ethnicity, 141 staff are bumiputera which make up 39.17% of the total workforce and the balance 219 staff or 60.83% are from non-bumiputera ethnicity which comprise of Chinese, Indian and Others as shown in Table 5:

Table 5

Ethnicity breakdown in the Workforce

Ethnicity	Bumiputera (Peninsular & East Malaysia)	Non- Bumiputera (Chinese, Indian & Others)	Total
Total	141	219	360
Percentage	39.17%	60.83%	100%

Various initiatives have been implemented to promote diversity and inclusiveness at workplace by taking into consideration elements and feedback from all parties concerned. Flexible working hours, education assistance programme for career advancement and few other initiatives are in place for the existing staff, alongside a competitive total reward package to provide work-life balance with the aim of enhancing productivity and improve staff retention.

The Board Diversity Policy can be found from the Company's corporate website at www.perangsangselangor.com.

6. Code of Conduct and Ethics for Directors

The Directors continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. In addition, the Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behavior with the intention of achieving the following aims:

- a) To establish a standard of ethical behavior for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
- b) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

In the performance of their duties, the Directors at all times observe the following Codes:

- a) Corporate Governance
- b) Relationship with Shareholders, Employees, Creditors and Customers
- c) Social Responsibilities and the Environment
- d) Confidential Information
- e) Conflict of Interest
- f) Insider Trading
- g) Gifts, Gratuities and/or Bribes
- h) Dishonesty/General Conduct
- i) Discovery
- j) Sexual Harassment
- k) General Compliance

In the event of violation of the Code, the Board observe the following reporting of the breaches/whistleblowing:

- a) Violation of the Code affects the integrity of the Company as well as the integrity of its Directors. Not only does it lead to an unpleasant working environment, but it can also lead to serious legal and financial implications for the Company. The Company is dependent on all Directors to report and not to condone any violations of the Code.
- b) A Director who knows of a violation of the Code that has been committed by another Director or Employee is under obligation to whistle blow or reports it to the Internal Audit Department via email: WB-Etika@kps.com.my or telephone: 03-55109691 as stipulated in the Whistleblowing Policy and Guidelines.
- c) Director is expected to refer to the Whistleblowing Policy and Guidelines for details of the requirements and procedures.

The Code and Whistleblowing Policy and Guidelines can be found from the Company's corporate website at www.perangsangselangor.com.

Statement of Corporate Governance

7. Appointments to the Board

The Nomination Committee is responsible for the reviewing of the Board's composition and recommending to the Board appointments of any new Directors by evaluating and assessing the suitability of candidates for Board membership, against proper and relevant criteria developed by the Nomination Committee, in a formal and transparent procedure as follows:

- i) skills, knowledge, expertise and experience;
- ii) professionalism;
- iii) integrity; and
- iv) in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

Under this procedure, the Nomination Committee proposes nominees for appointment to the Board, and recommends to the Board on the appointment, re-appointment and assessment of the Directors for approval.

The sourcing of candidate is made via recommendation by other Board Members or shareholders govern by the expectation of the roles and capabilities described and required by the Board. This subsequently followed by a submission to the Nomination Committee for deliberation. However, if a need arises, the Board has the right to seek independent professional search firm to source for the candidate.

The Board has established a clear and transparent nomination process for the appointment of Director of the Company. The nomination process involves the following six stages:



Any new appointment to the Board will be given a comprehensive orientation and induction programme to ensure first hand understanding of the Company's operation through briefings on the Company history, financial standing, issues faced and strategies adopted by the Company.

8. Re-election of Directors

In accordance with the Company's Constitution ("Constitution"), Directors who are appointed by the Board during the financial period before an Annual General Meeting ("AGM") are subject to re-election by shareholders at the next AGM to be held following their appointments. The Constitution also provide that at least one third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) (rounded upwards) with minimum of one (1), be subject to re-election by rotation at each AGM provided always that all Directors including the executive Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Company has established the election process on retirement of Directors in order to ensure compliance to all regulatory requirements. Based on the schedule of retirement by rotation, the Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. This recommendation is based on formal reviews of the performance of the Directors, taking into account the results of their latest Board Annual Evaluation, contribution to the Board through their skills, experience, strengths and qualities, level of independence, ability to act in the best interests of the Company in decision making.

The Directors who are due for re-election by rotation pursuant to Article 84 of the Company's Articles of Association ("Articles") at the forthcoming AGM are YM Raja Shahreen bin Raja Othman and YBhg Dato' Idris bin Md Tahir. Their profiles are set out on pages 25 and 26 respectively of this Annual Report. Encik Mustaffa Kamil bin Ayub will not be recommended for re-election in view of his score has met below the minimum acceptable rating based on performance criteria set for enabling him to continue in office as Director of the Company will retire in accordance with Article 84 of the Company's Articles.

YBhg Dato' Dr. Mohamed Ariffin bin Aton ("Dato' Ariffin"), a Director who is above 70 years old, was re-appointed under the resolution passed at the AGM held on 27 May 2016 pursuant to Section 129 of the Companies Act, 1965 which was then in force, whereby such resolution could only permit the re-appointment of the Director to hold office until the conclusion of this 40th AGM. Having considered



Dato' Ariffin's state of health at the moment, the Board approved the Nomination Committee's recommendation not to re-appoint Dato' Ariffin as Director at this 40th AGM. Hence, he will hold office until the conclusion of this 40th AGM.

Based on the Annual Board Evaluation, the Board/ NC are satisfied that the Directors who are standing for re-election and re-appointment at AGM 2017 have met the Board's expectations by continuously performing their duties diligently as Directors of the Company. The Board therefore unanimously resolves to recommend the re-election and re-appointment to the shareholders for approval at the forthcoming AGM.

9. Annual Board Evaluation ("ABE")

The NC is entrusted with the responsibility of carrying out the annual evaluation on the effectiveness of the Board as a whole, the Board Committees, Directors' Peer evaluation and Independent Directors' assessment. The evaluations exercise was facilitated by the Company Secretary upon making the necessary reference to the guides available and the good corporate governance compliance companies.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities, Board operations (meeting process, administration and conduct), adding value on the strategic initiatives of the Company, Governance as well as the effectiveness of the Chairman. Whereas, the effectiveness of the Board Committees is assessed in terms of composition, responsibilities, provide useful recommendation in assisting the Board in decision making, communication to the Board, as well as the effectiveness of the Chairman of the respective Board Committees.

In line with the recent amendments to Paragraph 15.20 of the Bursa Securities MMLR, the NC has also reviewed the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference. The criteria used in the assessment of the AC are on the quality and composition, skills and competencies and meeting administration and conduct. As for assessment for individual AC members, the areas of assessment are on the interpersonal qualities, experience, participation in ongoing education, analysing thinking, understanding of risk, understanding of Company's compliances process, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.

Each Board member was provided with his own individual results of the ABE together with a peer average rating on each area of assessment for personal information and further development. The results of these assessments form one of the basis of the NC's recommendations to the Board for the re-election of Directors at the next AGM.

The results of the evaluations and comments from the Directors concerning the Board as a whole and general performance of the Directors were also presented to the Board upon reviewed by the Nomination Committee.

10. Board Meetings and Supply of Information

Board meetings for each financial year are scheduled and informed to the Board in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules.

The Board meets on a quarterly basis to review the business operations, financial performance and other significant matters of the Group requiring its attention. In addition, the Board also meets on an ad-hoc basis to deliberate on matters requiring its immediate attention. Besides board meetings, there were three BRS held in 2016 for the Group's strategic discussion and growth plan. In addition, the Board also exercises control on matters that require Board's approval through circulation of resolutions. During the financial year ended 31 December 2016, ten (10) board meetings were held and the respective Directors' attendances are as follows:

Name Of Directors	Attendance	Percentage
YM Raja Dato' Haji Idris Raja Kamarudin	10/10	100%
Encik Suhaimi bin Kamaralzaman	5/10*	50%
Encik Mustaffa Kamil bin Ayub	10/10	100%
YB Dato' Kamarul Baharin bin Abbas	8/10*	80%
YB Sivarasa a/l Rasiah	10/10	100%
YBhg Dato' Dr Mohamed Ariffin bin Aton	10/10	100%
Encik Rosely @ Mohamed Ross bin Mohd Din	10/10	100%
YBhg Dato' Idris bin Md Tahir	8/10*	80%
YM Raja Shahreen bin Raja Othman	9/10*	90%

NOTE:

* Encik Suhaimi bin Kamaralzaman, YB Dato' Kamarul Baharin bin Abbas, YBhg Dato' Idris bin Md Tahir and YM Raja Shahreen bin Raja Othman were unable to attend the board meetings due to unforeseen circumstances.

Statement of Corporate Governance

Overall, the Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Director of Perangsang Selangor. All Directors have complied with the minimum attendance of at least 50% of Board Meetings held in the financial year 2016 pursuant to Paragraph 15.05(3) of the Bursa Securities MMLR.

The Board is provided with agendas and board papers at least seven (7) days prior to board meetings. The board papers include minutes of the previous meeting, quarterly performance report of the Group, corporate and strategic initiatives proposals for the Board's review and approval. These documents are issued in advance to enable the Board to seek clarification from the Management or the Company Secretary before the board meetings to enable effective discharge of its duties. Urgent papers may be presented for tabling at the board meetings under supplemental agenda.

At the board meetings, the Board reviews Management reports on the business performance of the Company and its subsidiary companies, and reviews, inter-alia, the results compared with the preceding quarter and year-to-date. As part of the integrated risk management initiatives, the Board peruses the decisions or recommendations and salient issues deliberated by Board Committees through briefing by the Board Committees' Chairmen. The Chairman of the Board Risk Management Committee would inform the Directors at board meetings of any principal risks that would have significant impact on the Group's business and the measures to mitigate such risks. Similarly, the Chairman of the Audit Committee would inform the Directors at board meetings, of any significant issues noted by the Audit Committee which require the Board's attention and approval for implementation.

The Directors have a duty to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with Perangsang Selangor Group. The interested Directors would serve notice to the Board and thereupon abstain themselves from deliberations and making decisions on the transaction at the relevant board meetings. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in Perangsang Selangor, on the resolution relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions in the general meetings.

The Directors have independent access to the advice and dedicated support services of the Company Secretaries to ensure effective functioning of the Board. The Directors may seek advice from Management on issues pertaining to their respective jurisdictions. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from Management.

In support of a paperless environment, Perangsang Selangor had since August 2014 started uploading meeting documents onto Directors' iPad for convenient reference. This initiative enables digital access to meeting documents instead of requiring distribution of hard copies. As a result, Directors and committee members are able to access meeting documents in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making.

The Board may seek independent professional advice at the Company's expense in discharging its various duties for Perangsang Selangor. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Chairman or the Board, and depending on the quantum of the fees involved. During the financial year ended 31 December 2016, there was no independent professional advice being sought by the Board.

11. Qualified and Competent Company Secretaries

Both of the Company Secretaries are persons qualified to act as company secretaries under Section 235 of the CA 2016. Company Secretaries play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing an active role as advisor to the Directors, the duties of the Company Secretaries also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board Meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory



Statement of Corporate Governance

obligations, as well as obligations arising from Bursa Securities MMLR or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of Directors are in accordance with the relevant legislations, the Board Annual Evaluation are properly executed, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.

The Board is updated by the Company Secretaries on the follow up or implementation of its decision/recommendations by the Management under matters arising of the agenda in every quarterly meetings of the Board.

The Company Secretaries also provide guidance to the Chairman and other Board members on the conduct of the general meetings. Besides that, the Company Secretaries constantly keep themselves abreast of the regulatory changes and development in corporate governance through continuous training.

12. Directors' Training

Directors are to keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness in the Board. This can be achieved amongst others, through attending trainings provided externally or internally by reading relevant publications and adhering to continuous professional education as required by the respective professional bodies.

The Nomination Committee is entasked upon assessment of Directors' competencies via the ABE, recommends to the Board the training needs of Directors in the specific areas requiring improvement. In compliance with the Bursa Securities MMLR, all Directors have attended the required Mandatory Accreditation Programme ("MAP").

Besides that, the Directors are also updated by the Company Secretaries on any changes to legal and governance practices which affect the Directors, from time to time. During the financial year 2016, the Company Secretarial Department has organised a seminar on Corporate Governance Review and Disclosures, Amendments to Listing Requirements 2016, Management Discussion and Analysis Statement for the Board and Senior Management of Perangsang Selangor.

Training programmes, courses, seminars, conferences and talks attended by the Directors during the year in review are as shown in Table 7:

TABLE 7

YM Raja Dato' Haji Idris Raja Kamarudin

- Audit Committee Conference 2016 on 29 March 2016
- Risk Sharing Session on 29 August 2016

Encik Suhaimi bin Kamaralzaman

- Pengurusan Air Selangor Sdn Bhd – Risk Awareness Workshop on 5 September 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016

Encik Mustafa Kamil bin Ayub

- Audit Committee Conference 2016 on 29 March 2016
- Purposeful, Ethical & Compassionate Solutions on 8 October 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016
- The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

YB Dato' Kamarul Baharin bin Abbas

- 3rd International Conference on Transportation, Geotechnics, Guimaraes, Portugal on 2 – 8 September 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016

YB Sivarasa a/l Rasiah

- Fraud Risk Management – Defusing Corporate Landmines on 12 January 2016
- Cyber Law Seminar 2016, Understanding Issues Arising from Cyber Laws on 29 September 2016
- The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

Statement of Corporate Governance

YBhg Dato' Dr Mohamed Ariffin bin Aton

- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016

Encik Rosely @ Mohamed Ross bin Mohd Din

- The New and Revised Auditor Reporting Standard: Implications to Financial Institutions on 20 January 2016
- Avoiding Financial Myopia on 19 April 2016
- FinTech: "Business Opportunity or Disruptor" on 4 August 2016
- Risk Sharing Session on 29 August 2016
- Technology – based Innovation that Counts on 2 November 2016
- Strategy to Leverage Technologies for Business Solution on 14 November 2016

YBhg Dato' Idris bin Md Tahir

- Fraud Risk Management Seminar on 12 January 2016
- Audit Committee Conference 2016 on 29 March 2016
- Risk Sharing Session on 29 August 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016
- The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

YM Raja Shahreen bin Raja Othman

- Goods and Services Tax (GST) in Malaysia on 17 February 2016
- Audit Committee Conference 2016 on 29 March 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Deloitte TaxMax – The 42nd Series on 8 November 2016
- MIA Conference on 15 -16 November 2016

The Directors will continue to attend other relevant training programmes as needed to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment.

13. Board Committees

The Board has established several Board Committees whose composition and terms of reference are in accordance with the best practices prescribed by the MCCG 2012 and mandated by Bursa Securities MMLR.

The Board Committees are as follows:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Board Risk Management Committee
- Corporate Social Responsibility Board Committee
- Board Investment Review Committee
- Tender Board Committee

To assist the Board in discharging its role and functions effectively, the Board had delegated certain of its duties and responsibilities to the various Board Committees which operate under approved terms of reference.

The terms of reference, functions, activities and frequency of meetings for the Board Committees are as follows:

Audit Committee

The report of the Audit Committee is set out in pages 81 to 84 of this Annual Report.

Nomination Committee

In line with recommendation 2.1 of the MCCG 2012, the NC of Perangsang Selangor exclusively comprised of five (5) Non-Executive Directors of whom three (3) are Independent Directors and two (2) Non-Independent Directors. The NC is chaired by a Senior Independent Director.

The TOR and function of Nomination Committee is available in the Company's Corporate website www.perangsangselangor.com.



Statement of Corporate Governance

The NC met three (3) times during the year under review and the key activities were as follows:

- i) Review the annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2015 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretaries were tabled to the Board for review and deliberation. The Board is satisfied with the results of the annual assessment. The Board views that the current size and the existing composition of the Board are sufficient and well balanced, cater effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Board is also satisfied with the assessment conducted by the Nomination Committee on the composition and effectiveness of the Board Committees;
- ii) The Board has also undertaken an annual assessment of the independence of its Independent Directors. The criteria for assessing the independence of an Independent Director were developed by the Nomination Committee with the support of the Company's Secretaries based on Corporate Governance Guide (Second Edition) issued by Bursa Securities which include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company;
- iii) Review proposed re-election, re-appointment of Directors for 2016 pursuant to the Company's Articles and Companies Act, 1965 (which was then in force);
- iv) Review the performance evaluation of Acting CEO of Perangsang Selangor as at 15 March 2016;
- v) Review the 2016 Corporate Key Initiatives and Key Performance Indicators for the Acting CEO of Perangsang Selangor;

- vi) Review the performance evaluation of Perangsang Selangor Acting CEO for confirmation based on achieving Key Performance Indicators;
- vii) Propose the Talent Management and Succession Planning for CEO Level position; and
- viii) 2016 Mid-Year review for CEO of Perangsang Selangor.

Remuneration Committee

- To advise the Board on remuneration policies and practices of the Company.
- To assure the shareholders of the Company that the remuneration of the principal Executive Directors of the Company and other Senior Management are determined by a Committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration Committee and who will give due regard to the interests of shareholders.
- To review, appraise and make recommendations to the Board on the Company's framework of Executive Directors and Senior Management of the Group's remuneration, salary increment, bonus, retirement benefit and compensation.
- To review the remuneration packages of Executive Directors and Senior Management on a regular basis and to compare them to best market practice, to ensure they remain fair and competitive.
- To review yearly performance bonus and increment of the Company and Group.
- To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company.
- To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit recommend them to the Board for adoption.

The Remuneration Committee met one (1) time during the year in review.

Statement of Corporate Governance

Board Investment Review Committee

- To evaluate investment and divestment proposals for the Group.
- To approve the commencement of due diligence for new investments.
- To approve the commencement of final negotiations upon successful outcome of due diligence.
- To consider and recommend proposals for investments and divestment to the Board of Directors.
- To evaluate investment and divestment criteria, policies, guidelines and procedures for approval by the Board of Directors.
- To monitor new investments and divestments in the interim period and report back to the Board of Directors on the progress until the signing of a definitive agreement.
- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, policies and practices relating to its investment and divestment.
- To review legal, regulatory and other matters relating to the Company and Group's investments and divestment.
- To review and monitor the quarterly performance and progress of the investment as it affects matters relating to Bursa Securities MMLR, and the business sustainability of Perangsang Selangor Group.
- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.
- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.

- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The Board Investment Review Committee met six (6) times during the year in review.

Board Risk Management Committee

- Oversight of the establishment and implementation of an Enterprise Risk Management ("ERM") framework.
- Articulating and providing direction on risk appetite, tolerance, organisational control environment and risk culture at Perangsang Selangor Group.
- Oversee and advise the board on the current risk exposures of Perangsang Selangor Group.
- Reviewing and recommending risk management strategies and policies for the Board of Directors' approval.
- Leading Perangsang Selangor Group's strategic direction in the management of material business risks.
- Ensuring infrastructure, resources and systems are in place for Group Risk Management Department, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independent of the business risk taking activities of the Company.

The Board Risk Management Committee met four (4) times during the year in review.

Corporate Social Responsibility ("CSR") Board Committee

- To review implementation of CSR programmes for the Group.
- To consider and approve proposals for CSR subject to limit of authority delegated and approved by the Board of Directors.
- To plan and propose yearly budgets for CSR programmes for approval by the Board of Directors.
- To monitor and report back to the Board of Directors progress of implementation of CSR programmes for the Group.



Statement of Corporate Governance

- To prepare, review and propose for Board of Directors' approval the CSR Statement for inclusion in the Annual Report.
- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, programmes, policies and practices relating to its responsibilities as a global corporate citizen.
- To review and make recommendations with respect to the Company and Group's political activities, including political contributions, the Company and Group's positions with respect to pending legislative and other initiative, and political advocacy activities of the Company and Group.
- To review legal, regulatory and other matters relating to the Company and Group's responsibilities as a global corporate citizen that may have a significant impact on the Company and Group in any manner and make recommendations with respect thereto. As part of these responsibilities, the Committee shall take steps to ensure that reasonable and adequate systems are in place to ensure the Company and Group's compliance with governmental regulations relating to environment, health and safety matters.
- To review and monitor the performance of the Company and Group as it affects matters relating to sustainability, the environment, communities, customers and other key stakeholders.
- To oversee the management of risks related to sustainability and the environment and the Company and Group's interactions with communities, customers and other key stakeholders, including risks related to reputation.
- To formulate and update the CSR programmes for the Company and Group.
- To oversee, coordinate and integrate the management of the Company and Group's CSR programmes for:
 - Employees
 - Environment
 - Communities and Interest Groups
 - Government (legislative bodies)
 - Business Partners
- To oversee the Company and Group's integrated CSR programmes.
- To conduct an annual review of the integrated CSR programmes to ensure that these:
 - comply with applicable laws: and
 - are consistent with Company and Group policies, guidelines and objectives on CSR.
- To ensure that the CSR programmes are integrated and applied consistently throughout the Company and Group.
- To identify and recommend programme enhancements that will increase effectiveness and overall improvement in Company and Group performance and image.
- To apprise the Board of Directors regularly of the accomplishments and issues/concerns related to the integrated CSR programmes.
- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.
- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.
- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The CSR Board Committee met four (4) times during the year in review.

The report of the CSR activities is set out in pages 49 to 52 of this Annual Report.

Statement of Corporate Governance

Tender Board Committee

- To approve the appointment of Consultants.
- To appoint/deregister contractors if required (only for closed tenders).
- To ensure that Tenders are offered on an equal basis, just and fair to all participants.
- To ensure that Tender Procedures are adhered to.
- To ensure propriety to the Tender Opening Process.
- To deliberate and Award Tenders at the most competitive prices, to the most qualified and suitable tender participant.
- To notify the Board of Directors on the award of tender.
- To obtain independent estimates to enable them to benchmark against the proposed tenders if the need should arise.
- To recall Tenders if they are of the opinion that the objectives of the exercise have not been achieved.
- To call for new Tenders if variation orders during the implementation stage of contract are in excess of 10% of the contract sum.

The Tender Board Committee meets as and when required.

14. Indemnification of Directors and Officers

Directors and Officers of the Group are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers. Nevertheless, the Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

B. DIRECTORS' REMUNERATION

Directors' remuneration is generally benchmarked against the market average of comparable companies to attract and retain the Directors to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved without paying more than is necessary to achieve its goal.

It is a policy that all non-executive Directors are entitled to the same quantum of directors fees and leave passage, except for the Chairman of the Board. Similarly, non-executive Directors are also paid the same quantum of directors fees and meeting allowance for their attendance at the Board and other Board Committees' meetings except for the Chairman of the Board and Board Committees. In addition, the non-executive Directors and their spouses are also entitled for medical benefit up to combined limit of RM75,000 per annum for inpatient and RM6,000 per annum for outpatient expenses.

A summary of the Directors' remuneration, categorised into appropriate components for the financial year ended 31 December 2016 is shown in Table 8:

	Company	Group
	Non-Executive Director (RM)	Non-Executive Director (RM)
Directors Fees	455,000	487,000
Other emoluments – Meeting Allowance and Leave Passage	584,000	588,900
Benefit in kind	41,847	41,847
Total	1,080,847	1,117,747

Remuneration Band (RM)	Non-Executive Director
Less than 50,000	1
50,001 - 100,000	-
100,001 - 150,000	6
150,001 - 200,000	2

Note : No disclosure on Directors' Remuneration for Executive Director is made in view that Perangsang Selangor does not have any Executive Director on Board.



C. RELATIONSHIP WITH SHAREHOLDERS

The Company recognises the importance of transparency and accountability in disclosures of the Group's business activities to its shareholders and investors. The Board has maintained effective communications policy and investor relations policy that enable both the Board and Management to communicate effectively with its shareholders, investors and even the public vide the following:

- i) The Annual Report and relevant circulars dispatched to shareholders and published in the Company's website; and
- ii) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities.

In addition, the Company has established a website at www.perangsangselangor.com which shareholders can access for information and seek clarification on the Group's matters. The Investor Relations Policy is also available at the Company's website.

Alternatively, they may obtain the Group's latest announcements via Bursa Securities website at www.bursamalaysia.com.

Senior Independent Director

Encik Mustaffa Kamil bin Ayub has been identified as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Company may be conveyed to him via email at mustaffa-kamil@kps.com.my and letters stamped "Private & Confidential" can be addressed to him personally at Kumpulan Perangsang Selangor Berhad, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

AGM

The AGM which is held once a year is the principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR as the case may be. Where special business items appear in the notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on the resolution.

The shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Chairman also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

The external auditors of the Company also attend the AGM and are available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

Immediately after the AGM, the Board represented by the Chairman together with the Management may address issues raised by the media and answer questions on Group activities and plans in the course of providing investors with the latest update on the Group. Minutes of the 39th AGM was also made available on the Company's corporate website.

In line with Paragraph 8.29A(1) of the Bursa Securities MMLR which came into effect on 1 July 2016 where all resolutions set out in notice of any general meeting must be voted by poll, voting at the Extraordinary General Meeting held on 31 October 2016 was conducted by poll. Poll voting accurately and fairly reflects shareholders' views by ensuring that every vote is recognised in accordance with the principle of "one share one vote". The practice thus enforces greater shareholder rights, and allows shareholders who appoint the Chairman of the meeting as their proxy to have their votes properly counted in the fulfilment of their voting rights.

The Board will consider adopting electronic voting to facilitate greater shareholders' participation after taking into consideration its reliability, cost and efficiency.

Statement of Corporate Governance

D. ACCOUNTABILITY AND AUDIT**1. Risk Management and Internal Control**

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investments and Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

While the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

Establishment of the Risk Management Policy is to identify, evaluate and manage the Group's corporate risk profile and develop contingency plans to mitigate any possible adverse effects on the Group.

A statement of Risk Management and Internal Controls is set out in pages 72 to 80 of this Annual Report.

2. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements represent a true and fair assessment of the Company's and Group's financial position.

3. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report included in this Annual Report. The Company and its Management have 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 year 2016, the Audit Committee had met with the external auditors on 24 February 2016 without the presence of Management to ensure that the independence and objectivity of the external auditors are not compromised.

E. COMPLIANCE WITH THE BEST PRACTICES

The Board believes that all material aspects of the Best Practices set out in the MCCG 2012 have been complied with during the financial year.

F. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

- i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the CA 2016 and the Bursa Securities MMLR so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and
- ii) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the year ended 31 December 2016, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.



ADDITIONAL COMPLIANCE INFORMATION

In compliance with Part A of Appendix 9C of the Bursa Securities MMLR, the following additional information in respect of the financial year ended 31 December 2016 are provided:

1. Material Contract and Material Loans

Other than as disclosed in Note 49 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

2. Utilisation of Proceeds

The Company did not call or raise any capital for the financial year ended 31 December 2016.

3. Audit Fees and Non-Audit Fees

	Company (RM)	Group (RM)
Audit Fees	102,000	584,435
Total	102,000	584,435

Non-Audit Fees	Company (RM)	Group (RM)
- Review of Statement on Risk Management and Internal Control to be disclosed in the Perangsang Selangor's Annual Report 2016	8,000	8,000
- Review of additional disclosure on new acquisition of investment in Century Bond Bhd ("CBB") during the financial year ended 31 December 2016 which form part of the notes to the audited account	5,000	5,000
- Pre-acquisition cost of CBB in respect of engagements for interim financial and tax due diligence report	567,349	567,349
- Pre-acquisition cost of CBB in respect of engagement for Pro-forma consolidated statement of financial position	92,100	92,100
Total	672,449	672,449

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Save as disclosed in the announcement dated 11 November 2016, there was no RRPT of a Revenue or Trading in nature during the review period except for rental income, interest income and management fees. However, announcement is not required to be made to Bursa Securities as the value of the transactions does not exceed 1% of the Net Assets of the Group. The Company did not seek any shareholders' mandate on RRPT during the financial year under review.

5. List of Group Properties

The Group's list of properties is set out in pages 218 to 219 of this Annual Report.