

CORPORATE GOVERNANCE STATEMENT

The Board of APM Automotive Holdings Berhad (the “Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

As such, the Board seeks to embed in the Group a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Corporate Governance Statement (“Statement”) sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance (“MCCG 2012”) and observed the 26 Recommendations supporting the Principles during the financial year. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s businesses;
- overseeing the conduct of the Group’s businesses and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authorities and powers to properly constituted Board Committees, namely the Audit Committee and Nominating Committee, which comprise exclusively Independent Non-Executive Directors. The Board Committees are entrusted with specific responsibilities to oversee the Company’s affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

(i) Board Charter

The Company has established a Board Charter (“Charter”) which outlines the Board’s roles and responsibilities. The Charter, which is periodically reviewed by the Board to be in line with regulatory changes and to reflect changes made to Board Committees’ terms of reference, was last reviewed and approved by the Board on 27 February 2017.

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.

CORPORATE GOVERNANCE STATEMENT

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management (cont'd)

(i) Board Charter (cont'd)

Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group's financial and operating performance. The Management, comprising Executive Directors and Senior Management personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of Company's goals and observance of Management authorities delegated by the Board, developing business plans to enable the Company's requirements for growth, profitability and return on capital to be achieved, ensuring cost effectiveness in business operations, overseeing development of human capital and ensuring members of the Board have the information necessary to perform their fiduciary duties and other governance responsibilities. Such delineation of roles is clearly set out in the Charter, which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, Board Chairman, Board Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Charter provides that Directors shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, the Directors are required to notify the Chairman, the notification of which includes an indication of time that will be spent on the new appointment. Salient features of the Charter are publicly available on the Company's website at www.apm.com.my in line with Recommendation 1.7 of the MCCG 2012.

(ii) Code of Ethics

The Board has formalized a Directors' Code of Ethics, setting out the standards of conduct expected from Directors. The Directors' Code of Ethics is contained in Appendix A of the Charter, which is published on the Company's website at www.apm.com.my. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been disseminated to all levels of employees in the Group.

The Board has also formalized a Special Complaint Policy ("Policy"), which is equivalent to whistle-blowing policy, which serves as an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. Under the said Policy, a hotline is made available for employees to report any alleged or suspected fraud, corruption or non-compliance with the Code of Conduct for employees, governance documents and laws and regulations directly to the Group Compliance Officer. The team from the Investigative Functions is entrusted to commence investigations upon receiving a mandate from the Group Compliance Officer. Investigative reports are tabled to the governing committees for deliberation and decision on the next course of action to be taken, and significant cases are reported to the Audit Committee for further deliberation.

(iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and in conducting the Group's businesses, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organizations.

The Group's activities on corporate social responsibility for the financial year under review are disclosed on page 22 of this Annual Report.

(iv) Access to Information and Advice

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis for an effective discharge of the Board's responsibilities.

CORPORATE GOVERNANCE STATEMENT

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management *(cont'd)*

(iv) Access to Information and Advice (cont'd)

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by Directors and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties. Such procedures include, amongst others, the need to confer with the Board Chairman and the rationale for such independent professional advice.

Directors have unrestricted access to all information within the Company and direct access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The performance of the Company Secretaries is evaluated by the Executive Directors of the Company annually. The Company Secretaries are members of good standing in their respective professional bodies, i.e. Malaysian Institute of Accountants and The Malaysian Institute of Chartered Secretaries and Administrators. They have to constantly keep themselves abreast of the evolving regulatory changes and developments in the corporate governance by attending relevant conferences and continuous professional development programmes as required by the respective professional bodies.

Principle 2 - Strengthen Composition of the Board

The Board consists of ten (10) members, comprising five (5) Executive Directors and five (5) Non-Executive Directors, of which four (4) are Independent Non-Executive Directors. The number of Directors has increased to ten (10) from nine (9) following the appointment of two (2) additional Independent Non-Executive Directors, namely Mr. Lee Tatt Boon and Mr. Lee Min On, in place of Dato' Heng Ji Keng who resigned from the Board on 30 November 2016.

With the new appointments, the Board decided to refresh the chairmanship of the Audit Committee and Nominating Committee with effect from 30 November 2016, i.e. with Dato' N. Sadasivan s/o N.N. Pillay moving on to helm chairmanship of the Nominating Committee and Mr. Lee Min On assuming the Audit Committee chairmanship. The composition of the Board fulfills the requirements as set out in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The Board, having reviewed its size and composition, is satisfied that its current size and composition is appropriate and adequate to meet the Company's needs. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as entrepreneurship, engineering, finance, accounting, audit, legal, corporate governance and risk management as well as marketing and operations. The profile of each Director is set out on pages 5 to 8 of this Annual Report.

(i) Nominating Committee – Selection and Assessment of Directors

The Board established a Nominating Committee on 22 January 2013 as it recognizes the roles such a Committee plays, not only in the selection and assessment of Directors but also in other aspects of boardroom activities to enable the Board discharge its fiduciary and leadership functions.

CORPORATE GOVERNANCE STATEMENT

Principle 2 - Strengthen Composition of the Board (cont'd)

(i) Nominating Committee – Selection and Assessment of Directors (cont'd)

The Nominating Committee comprises the following Directors and their attendances at the two (2) meetings held during the financial year ended 31 December 2016 are as follows:

Name	Designation	Number of meetings attended
Dato' N. Sadasivan s/o N.N. Pillay	Chairman ⁽¹⁾	2/2
Dato' Haji Kamaruddin @ Abas Bin Nordin	Member	2/2
Mr. Lee Tatt Boon	Member ⁽²⁾	– ⁽³⁾
Mr. Lee Min On	Member ⁽²⁾	– ⁽³⁾
Dato' Heng Ji Keng	Member ⁽⁴⁾	2/2

Notes:

⁽¹⁾ Appointed as Chairman on 30 November 2016.

⁽²⁾ Appointed on 30 November 2016.

⁽³⁾ No meeting was held subsequent to the appointment of both Mr. Lee Tatt Boon and Mr. Lee Min On on 30 November 2016.

⁽⁴⁾ Resigned on 30 November 2016.

The Board has stipulated specific terms of reference for the Nominating Committee, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programs for the Board. In the nomination and election of new Director, the Nominating Committee carries out the requisite evaluation and assessment of the candidate's ability to discharge his duty, before making recommendation of the candidate, if deemed suitable, to the Board for its approval. The Nominating Committee is guided by the following processes for the on-boarding of new Director:

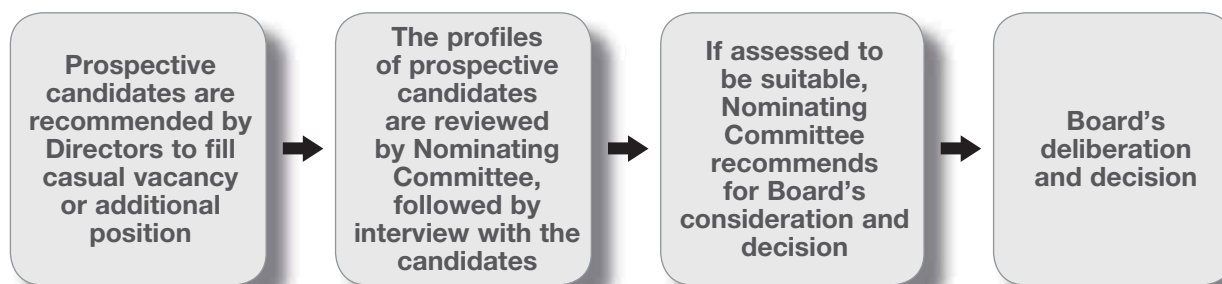


Diagram A

The Nominating Committee is entrusted to review annually the required mix of skills and experience of Directors; succession plans and board diversity, including gender, age and ethnicity diversity; training courses for Directors; and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also tasked to assess annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director.

The Company has formalised a Board Diversity Policy, which sets out the approach to diversity on the Board. This Policy is contained in the Charter which is published on the Company's website. Insofar as Board diversity is concerned, there is no specific policy on setting targets for women, ethnic or age composition on the Board. The Board's strategic intent for diversity is the attraction, retention and development of a diverse team of skilled people towards delivering the Company's imperatives. Evaluation of candidates' suitability is based on their competency, character, time availability, integrity and experience in meeting the Company's needs, including, where appropriate, ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

CORPORATE GOVERNANCE STATEMENT

Principle 2 - Strengthen Composition of the Board *(cont'd)*

(i) Nominating Committee – Selection and Assessment of Directors (cont'd)

The Nominating Committee meets at least once a year or more frequently as deemed necessary by the Committee Chairman. During the financial year under review, the Nominating Committee convened two (2) meetings, which were attended by all the members, to consider the performance assessment of the Board, Board Committees and individual Directors for the financial year ended 31 December 2015, including the selection of candidates and recommendation to the Board to fill the positions of Independent Non-Executive Directors based on the processes shown in Diagram A above. Before recommending the candidates to the Board for its deliberation and decision, the Nominating Committee considered, amongst others, the candidates' skills, knowledge, expertise and experience, character and integrity, availability of time and other external obligations which may affect their commitment to the Company if appointed. Following this process, the Board, on 30 November 2016, approved the appointment of two (2) new Independent Non-Executive Directors. The Nominating Committee has evaluated the performance of Executive Directors, including the renewal of their service contracts, before recommending to the Board for approval.

On 26 January 2017, the Nominating Committee met to review and assess the effectiveness of the Board as a whole, the Board Committees and performance of individual Directors, including the independence of the Independent Non-Executive Directors for the financial year ended 31 December 2016 based on a "self and peer" assessment approach. This approach took into consideration the mix of skills, experience, contribution, performance, competency, personality, integrity and time commitment of each Director to effectively discharge his role as part of the Board, Board Committees as well as a Director of the Company. In assessing the independence of Independent Non-Executive Directors for the financial year under review, the criteria set out in paragraph 1.01 of the Listing Requirements of Bursa were deployed.

From the results of the assessment, the Nominating Committee recommended to the Board the re-election of retiring Directors at the Company's forthcoming Annual General Meeting. Apart from activities on the assessment and selection of Directors, the Nominating Committee also evaluated the training needs of Directors to enhance their competencies and ensure that they are kept abreast of all regulatory changes and developments in the business environment.

The Board also acknowledges the importance of board diversity, including gender diversity to the effective functioning of the Board.

(ii) Directors' Remuneration

The Board is of the view that the existing remuneration guidelines, formulated by drawing upon the wealth of experience of all the Directors on the Board, are more pragmatic and effective, and, accordingly, a Remuneration Committee is dispensed with. The Board, as a whole, determines and recommends the remuneration packages of Independent Non-Executive Directors and Executive Directors, with the respective Directors abstaining themselves from discussing their individual remuneration. The remuneration policy of the Group essentially seeks to attract, retain and motivate employees of all levels, including Executive Directors, to contribute positively towards the Group's performance.

The quantum of annual performance bonus and increment for employees of the Group, is dependent on the operating results of the Group after taking into account the prevailing business conditions and the individual's performance. The same guidelines apply to the Executive Directors.

CORPORATE GOVERNANCE STATEMENT

Principle 2 - Strengthen Composition of the Board (cont'd)

(ii) Directors' Remuneration (cont'd)

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 December 2016 is as follows:

Category	Fees (RM)	Salaries and allowances (RM)	Bonus (RM)	Benefits- in-kind (RM)	Total (RM)
Company:					
Executive Directors*	-	1,245,216	604,758	-	1,849,974
Non-Executive Directors	297,500	51,900	-	-	349,400
Group:					
Executive Directors*	-	4,773,942	1,976,021	156,562	6,906,525
Non-Executive Directors	297,500	51,900	-	-	349,400

(Note: * The remuneration paid to the Executive Directors were in respect of their employment with the Company/Group.)

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM50,000, is as follows:

Remuneration Band	Number of Directors	
	Executive Directors	Non-Executive Directors
RM0 - RM50,000	-	3
RM100,001 to RM150,000	-	3
RM800,001 to RM850,000	1	-
RM850,001 to RM900,000	1	-
RM1,600,000 to RM1,650,000	1	-
RM1,700,001 to RM1,750,000	1	-
RM1,800,001 to RM1,850,000	1	-
Total	5	6

Principle 3 – Reinforce Independence of the Board

The Company is led by an experienced Board with a diverse background in business and financial experience, and skills which are vital for the continued progress and success of the Group.

The President, who is also the Chairman of the Board, is primarily responsible for setting the Group's strategic direction and leading the Board in the oversight of Management. The role of day-to-day management of the Group's business development and operations, including implementation of policies and decisions of the Board, is helmed by the Chief Executive Officer and Executive Directors. The Board believes that such division of power and responsibilities helps ensure that no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

CORPORATE GOVERNANCE STATEMENT

Principle 3 – Reinforce Independence of the Board *(cont'd)*

While the position of the Board Chairman is not held by an Independent Non-Executive Director, there are four (4) Independent Non-Executive Directors, constituting slightly more than one third (1/3) of the composition of the Board. The Board acknowledges the importance of balance of power and authority in the Board and has identified Dato' N. Sadasivan s/o N.N. Pillay as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance processes and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its businesses. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in detached impartiality.

The Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, he may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting.

In justifying the decision, the Nominating Committee is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence adopted by the Board. Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' N. Sadasivan s/o N.N. Pillay and Dato' Haji Kamaruddin @ Abas Bin Nordin, both of whom have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, be retained as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting. Key justifications for retaining them as Independent Non-Executive Directors are as follows:

- they fulfill the criteria for definition of Independent Director under the Listing Requirements of Bursa and, therefore, are able to bring independent and objective judgement to the Board's deliberations;
- their experience and expertise in finance, economics and regulatory requirements as well as diverse business environment enable them to provide the Board and Board Committees, as the case may be, with pertinent and diverse set of expertise, skills and competence;
- they have been with the Company long enough to develop valuable insights into the Company's business operations, which enable them to contribute actively and effectively during deliberations at Board and Board Committees, as the case may be; and
- from their perfect attendance record at the Board and Board Committee meetings, it is demonstrable of their commitment towards the Company's needs, exercised due care as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders.

With the caliber, qualifications, experience and personal traits, particularly on integrity and objectivity, possessed by both Dato' N. Sadasivan s/o N.N. Pillay and Dato' Haji Kamaruddin @ Abas Bin Nordin, the Board believes that these two (2) Directors are well positioned to discharge their duties and responsibilities as Independent Non-Executive Directors towards meeting the Company's needs for the ensuing year.

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Principle 4 – Foster commitment of Directors

The Board meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to enable Directors plan their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analyses to assist Directors on the agenda items. The relevant reports and Board papers, including agenda of meeting, are furnished to Board and Board Committee members at least seven (7) days before the meeting for pre-reading by Directors to enhance the effectiveness of discussion and decision making at the meeting. On a quarterly basis, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings, which are subsequently confirmed and signed off by the Board Chairman or Board Committee Chairman, as the case may be.

For the financial year under review, the Board convened five (5) Board meetings and attendances of Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	5/5	100
Dato' Tan Eng Hwa	5/5	100
Low Seng Chee	5/5	100
Dato' N. Sadasivan s/o N.N. Pillay	5/5	100
Dato' Haji Kamaruddin @ Abas Bin Nordin	5/5	100
Siow Tiang Sae	5/5	100
Nicholas Tan Chye Seng	4/5	80
Sow Soon Hock	5/5	100
Lee Tatt Boon ⁽¹⁾	N/A	N/A
Lee Min On ⁽¹⁾	N/A	N/A
Dato' Heng Ji Keng ⁽²⁾	3/5	60

Notes:

⁽¹⁾ No board meeting was held subsequent to the appointment of both Mr. Lee Tatt Boon and Mr. Lee Min On on 30 November 2016.

⁽²⁾ Dato' Heng Ji Keng resigned on 30 November 2016.

As stipulated in the Charter, the Directors are required to devote sufficient time to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board or Board Committees.

Directors' Training – Continuing Education Programmes

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference.

All Directors have completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa. During the financial year under review, all Directors attended seminars and training programmes except for Mr. Lee Tatt Boon who was appointed as a Director of the Company on 30 November 2016. Details of training, conferences, seminars and workshops participated by the various Directors are set out below:

CORPORATE GOVERNANCE STATEMENT

Principle 4 – Foster commitment of Directors (cont'd)

Directors' Training – Continuing Education Programmes (cont'd)

Directors	Training/Seminar/Conference/Workshop
Dato' Tan Heng Chew	<ul style="list-style-type: none"> Dato' Tan Heng Chew Distinguished Speaker Series – Cultural Alignment as a Source of Competitive Advantage, by Tan Chong Education Services Sdn Bhd. Briefing on Companies Bill 2015, by Zaid Ibrahim & Co. MFRS 15 – Revenue from Contracts with Customers, by KPMG.
Low Seng Chee	<ul style="list-style-type: none"> Corporate Governance Statement Workshop – The Interplay between CG, Non-Financial Information and Investment Decisions, by Bursa Malaysia Securities Berhad. CG Breakfast Series with Directors – Future of Auditor Reporting: The Game Changer for Boardroom, by Bursa Malaysia Securities Berhad. Directors' Tea Talk – Financial Statements, by Malaysian Alliance of Corporate Directors. Role of the Chairman & Independent Directors, by Malaysian Institute of Corporate Governance.
Dato' Tan Eng Hwa	<ul style="list-style-type: none"> Briefing on Companies Bill 2015, by Zaid Ibrahim & Co.
Dato' N. Sadasivan s/o N.N. Pillay	<ul style="list-style-type: none"> Briefing on Companies Bill 2015, by Zaid Ibrahim & Co. 5th Board Audit Committee Forum 2016, by Petronas Gas Berhad. Corporate Governance Statement Workshop – The Interplay between CG, Non-Financial Information and Investment Decisions, by Bursa Malaysia Securities Berhad. Related Party Transactions – Their Implications to the Board of Directors, Audit Committee & Management, by Malaysian Institute of Corporate Governance.
Dato' Haji Kamaruddin @ Abas Bin Nordin	<ul style="list-style-type: none"> Ring the Bell for Gender Equality, by Bursa Malaysia Securities Berhad. Independent Directors Programme – The Essence of Independence, by Bursa Malaysia Securities Berhad and The Iclif Leadership and Governance Centre. CG Breakfast Series with Directors – The Strategy, the Leadership, the Stakeholders and the Board, by Bursa Malaysia and Malaysian Directors Academy. Sustainability Engagement Series – for Directors/Chief Executive Officers, by Bursa Malaysia Securities Berhad. Dato' Tan Heng Chew Distinguished Speaker Series – Cultural Alignment as a Source of Competitive Advantage, by Tan Chong Education Services Sdn Bhd.
Siow Tiang Sae	<ul style="list-style-type: none"> Corporate Governance Breakfast Series with Directors – The Strategy, the Leadership, the Stakeholders and the Board, by Bursa Malaysia Securities Berhad and Malaysian Directors Academy. Briefing on Companies Bill 2015, by Zaid Ibrahim & Co. Economic Outlook and Business Potential in Myanmar – Post Election, by Myanmar Industries Association.
Nicholas Tan Chye Seng	<ul style="list-style-type: none"> Briefing on Companies Bill 2015, by Zaid Ibrahim & Co.
Sow Soon Hock	<ul style="list-style-type: none"> Briefing on Companies Bill 2015, by Zaid Ibrahim & Co.

CORPORATE GOVERNANCE STATEMENT

Principle 4 – Foster commitment of Directors (cont'd)

Directors' Training – Continuing Education Programmes (cont'd)

Directors	Training/Seminar/Conference/Workshop (Con't)
Lee Min On (appointed on 30 November 2016) (participated as speaker)	<ul style="list-style-type: none"> • The Draft Malaysian Code on Corporate Governance 2016 & Changes to Listing Requirements, conducted for Farm's Best Berhad. • The Draft Malaysian Code on Corporate Governance 2016 – Key Changes & Implications to Listed Issuers, conducted for MeLearn Global. • Companies Act, 2016 – Key Changes & Their Implications to the Company's Business Structure & Administration, conducted for Alam Maritim Resources Berhad. • Management Discussion & Analysis – Drafting the MD&A – What & How to Disclose, conducted for the Malaysian Investor Relations Association. • Sustainability Reporting – How to go about the intricacies of reporting, conducted for Malaysian Institute of Corporate Governance. • Integrity in Boardrooms – Are Boards playing their role? Fraud Risk Management – Whose responsibility is it?, conducted for LeadWomen Sdn Bhd. • Sustainability Reporting – What and how to report (conducted for SAM Engineering & Equipment Berhad in Penang), organized by the Malaysian Investor Relations Association.
Dato' Heng Ji Keng (resigned on 30 November 2016)	<ul style="list-style-type: none"> • Briefing on Companies Bill 2015, by Zaid Ibrahim & Co. • Brainstorming Session, by Baker Tilly Monteiro Heng. • National Tax Conference 2016, by Chartered Tax Institute of Malaysia. • Complimentary Talk on Colored Brain Communication for Accountants & Connecting Generations at Workplace, by Malaysian Institute of Accountants. • Forum on Key Audit Matters, by Malaysian Institute of Accountants. • 2016 Business and Tax Seminar, by Baker Tilly Monteiro Heng Services Sdn Bhd. • MIA National Accountants Conference 2016, by Malaysian Institute of Accountants.

During the financial year, the Chief Financial Officer and External Auditors also briefed the Board members on changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements. The Directors continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the President's Statement and Management Discussion and Analysis in the Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors, with Mr. Lee Min On as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out in year 2016, are set out in the Audit Committee Report on pages 42 to 45 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

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Principle 5 – Uphold integrity in financial reporting by the Company *(cont'd)*

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and their affiliates, including the need to obtain the Audit Committee's approval for such services.

An annual assessment of the competency and independence of the external auditors was conducted by the Audit Committee via a set of assessment questionnaire. In assessing the external auditors' performance and suitability, the Audit Committee considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors. Pertinent feedback from Management who interacted with the external auditors was obtained by the Audit Committee to augment its assessment of the external auditors. The Audit Committee received assurance from the external auditors, by way of the external auditors' presentation pack, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The external auditors had attended three (3) Audit Committee meetings and Annual General Meeting of the Company during the financial year under review. In addition, the Audit Committee had one separate session with the external auditors without the presence of the executive Board members and management personnel to exchange independent views on matters which require the Audit Committee's attention.

Based on the outcome of the annual assessment conducted on the external auditors' performance, technical competence and professional independence, the Audit Committee recommended to the Board for the re-appointment of KPMG PLT as external auditors of the Company for the financial year ending 31 December 2017. Based on the Audit Committee's recommendation, the Board recommended the re-appointment of the external auditors for approval by shareholders at the forthcoming Annual General Meeting.

Principle 6 – Recognise and manage risks of the Group

The Group has implemented a comprehensive risk management framework and established a process for identifying, evaluating and monitoring significant risks faced by the Group in its operations. This Enterprise Risk Management Framework that the Group has adopted is largely aligned with globally accepted risk management standards such as the AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines.

The Audit Committee which has oversight responsibility over risk management and internal control, assists the Board in reviewing the adequacy and integrity of the system of risk management and internal control in the Group. The implementation and maintenance of the risk management process is carried out by the Group Risk Management Committee ("GRMC"), assisted by subsidiaries' management who is tasked to manage business risks as well as develop, implement and monitor the system of internal control. Further details of the Group's Enterprise Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Risk Management and Internal Control Statement included in this Annual Report.

The Company has established an in-house Internal Audit Department, which is independent of the activities it audits. The Department, helmed by the Head of Internal Audit, reports directly to the Audit Committee on the adequacy and operating effectiveness of the Group's system of internal controls from the perspectives of governance, risks and controls. All internal audits carried out are guided by the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The scope and extent of work carried out by the Department are set out in the Risk Management and Internal Control Statement included in this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalized the Corporate Disclosure Policies and Procedures to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, and set out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Company's website has a section on corporate governance, where information on the Company's announcements to Bursa, the Charter, rights of shareholders and the Company's Annual Report may be accessed.

Principle 8 – Strengthen relationship between the Company and its shareholders

(i) *Shareholders participation at General Meetings*

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, the Chairman of the meeting informed the shareholders of their rights to demand for a poll for the resolutions in accordance with the Articles of Association of the Company. A "Question & Answer" session was held, where the Chairman of the meeting invited shareholders to raise questions which were addressed by the Board and Senior Management. The Company's responses to the questions raised by Kumpulan Wang Persaraan Diperbadankan, a shareholder of the Company prior to the AGM was read out and shared with the shareholders by the Chairman of the meeting in the last AGM.

The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed as well as to allow them to make necessary arrangements to attend and participate in the meeting. Shareholders who are unable to attend the general meeting, are encouraged to appoint proxy or proxies to attend and vote at the meetings for and on their behalf. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

(ii) *Effective communication and proactive engagement with shareholders and investors*

The Board recognises the importance of being transparent and accountable to the Company's investors. Whilst the Company holds group and individual discussions with analysts, institutional shareholders, and investment communities, at their request, with the view of fostering better understanding of the Group's businesses by these stakeholders, the Company is mindful of its corporate disclosure policies and procedures regarding disclosure of information.

The various channels of communications with shareholders are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, as needed by the Listing Requirements of Bursa, the Annual and/or Extraordinary General Meetings and through the Group's website at www.apm.com.my where shareholders and other stakeholders can access corporate information, annual reports, press releases, financial information and Company's announcements. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. apmah@apm.com.my to which stakeholders can direct their queries or concerns.

This Statement is dated 12 April 2017.