

Statement on Corporate Governance

The Board of Directors (“the Board”) is committed to upholding high standards of good Corporate Governance throughout the Group. It will continue to enhance corporate governance in order to safeguard the interests of shareholders and other stakeholders.

The Board is pleased to share the manner in which the Principles of the Malaysian Code of Corporate Governance 2012 (“the Code”) issued by the Securities Commission Malaysia has been applied within the Group and the extent to which the Group has complied with the Recommendations of the Code during the financial year ended 31 December 2015.

I. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Responsibilities

The functions and responsibilities of the Board includes the following six (6) specific responsibilities, which facilitate the discharge of the Board’s responsibilities in the best interest of the Company:-

- (i) Adopting and reviewing a strategic plan for the Company
- (ii) Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed and sustained
- (iii) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- (iv) Succession planning, including appointing, training, fixing the remuneration of senior management of the Company
- (v) Developing and implementing an investor relations programme or shareholder communications policy for the Company
- (vi) Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Group is also committed towards sustainable development. Employees’ welfare, environment and community responsibilities are integral to the conduct of the Group’s business. The corporate social responsibility report is set out on pages 12 to 14 of this Annual Report.

In performing its duties, the Board has access to the advice and services of the Company Secretaries and, if necessary, may seek independent professional advice about the affairs of the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and for them to report to the Board their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. To achieve this, the Board has adopted a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter, which serves as a reference point for Board’s activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company’s businesses are in its hands. In line with Recommendation of 1.7 of the MCCG 2012 to make public the Board Charter, the Company has recently established and uploaded the Board Charter on its website at www.abmfujiya.com.

Directorships in Other Companies

In compliance with Paragraph 15.06 restriction on directorship in listed issuers of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Directors of the Company do not hold more than five (5) directorships in Public Listed Companies and the listing of directorships held by Directors is confirmed by each Director.

Statement on Corporate Governance (continued)

Board Meetings and Access to Information

The Board meets at least four times a year, with additional meetings convened as and when the Board's approval and guidance are required. Upon consultation with the Chairman and the Managing Director, due notice shall be given of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board. Meetings are set before the beginning of the year to allow Directors to plan ahead and to maximise their participation.

Prior to the Board meetings, the Company Secretary will furnish a notice together with an agenda to the Directors to allow them to have adequate preparation time to ensure effectiveness at the proceedings of the meeting. The Company Secretary will ensure Board's proceedings are followed regularly and reviewed and will also provide guidance to the Board on Director's obligation arising from the rules and regulations including the Code and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia.

Technology and information technology are effectively used in Board meetings and communications with the Board, where Directors may participate in meetings by audio or video conference, and Board materials are shared electronically.

Five (5) Board meetings were held during the financial year ended 31 December 2015 and details of the attendance of each Director are as follows:

Name of Directors	Meetings Attended
Datuk Tay Ah Ching @ Tay Chin Kin	5/5
Dato' Tay Tze How	5/5
Dato' Tay Tze Poh	5/5
Puan Sri Corinne Bua Nyipa	5/5
Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai	5/5
Dato' Ooi Teik Heng	5/5
Wong Siaw Wei	5/5
Sim Chong Hong (Appointed on 4 June 2015)	2/5

The Company Secretary will circulate Board meeting papers including Quarterly and Annual "year-to-date" Financial Statements, Minutes of Past Meetings, updates by Regulatory Authorities, Internal and External Auditors' Report.

The Board has full access to the Company Secretary, all information including the advice and services of the Company Secretary in furtherance of their duties. Non-Executive Directors also have the same right of access to all data including seeking independent professional advice as and when required at the Company's expenses.

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR, Companies Act, 1965 and other relevant laws and regulations.

The Company Secretary who is qualified, has relevant working experience and competent on statutory and regulatory requirements, briefs the Board on the necessary contents and timing of material announcements to be made to regulators. The removal of the Company Secretary, if any, is the matter for the Board as a whole to make decision.

The Company Secretary attends all Board and Board Committee meetings and ensures that there is a quorum for each of the meeting. She is also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references.

The minutes of the meetings are prepared to include amongst others, pertinent issues, substance of enquires and responses, recommendations and decisions made by the Directors. The minutes of the meetings are properly kept in accordance with the relevant statutory requirements of the Companies Act, 1965.

Statement on Corporate Governance (continued)

II. BOARD STRENGTH

Appointments

The Nominating Committee (“NC”) makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. The NC may consider the use of external consultants in the identification of potential Directors. In making these recommendations, the NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval. The Board makes clear at the outset its expectations of its new Directors in terms of their time commitment as recommended by the Code.

Re-election of Directors

Pursuant to the Company’s Articles of Association, at least one-third (1/3) of all the Directors are subject to retirement by rotation at each Annual General Meeting. Retiring Directors may offer themselves for re-election to the Board. Details of Directors seeking re-election such as inter-alia, age, relevant experience and list of directorships, participation in the Board Committees are disclosed separately in this Annual Report.

Board Diversity Policy

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation in the skills, experience, background, race, gender and nationality of its members.

As part of its commitment to enhance its diversity, including gender diversity, the Board is pleased to report that the Company has two (2) female Board members.

Board Committees

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Board Committees and the composition is as follows:-

Audit Committee	<ul style="list-style-type: none">• Wong Siaw Wei (Chairperson) (Appointed on 31 December 2015)• Dato' Ooi Teik Heng (Resigned on 31 December 2015)• Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai (Member)• Sim Chong Hong (Member) (Appointed on 4 June 2015)
Nominating Committee	<ul style="list-style-type: none">• Dato' Ooi Teik Heng (Chairman)• Puan Sri Corinne Bua Nyipa (Member)• Wong Siaw Wei (Member)• Sim Chong Hong (Member) (Appointed on 4 June 2015)
Remuneration Committee	<ul style="list-style-type: none">• Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai (Chairman)• Dato' Ooi Teik Heng (Member)• Wong Siaw Wei (Member)• Sim Chong Hong (Member) (Appointed on 4 June 2015)

Statement on Corporate Governance (continued)

Board Committees (continued)

All Board Committees consist of members who are exclusively Independent and Non-Executive Directors.

In addition, from time to time the Board reviews the functions and terms of reference of Board Committees to ensure that they are relevant and updated in line with the latest provision of the Code 2012 and other related policies or regulatory requirements.

The Chairperson of the respective Board Committees reports to the Board on the outcome of Board Committee meetings which require the Board's attention and direction and the Board also reviews the minutes of the Board Committee meetings.

Meetings and Activities of the Board Committees

Audit Committee

The details of meetings and activities of the Audit Committee can be found in the Audit Committee Report on pages 24 to 26 of this Annual Report.

Nominating Committee

The Committee met twice during the financial year 2015 and all members of the Committee attended the meetings.

During the financial year 2015, the Committee has undertaken the following activities:-

- (i) Reviewed the proposed format of the Self-Assessment of individual Directors;
- (ii) Reviewed the composition of the Board and the Board Committees;
- (iii) Performed Annual Assessment of the Independent Directors; and
- (iv) Considered the timetable, process and methodology and outcome of the assessment of the Board of Directors, Board Committees and Directors' training for 2015.

During the year, the Company did not engage any external party in respect of the annual review of the Board of Directors or Board Committees.

Remuneration Committee

The Remuneration Committee assists the Board in reviewing and assessing the remuneration packages of Executive Directors, although determination of remuneration packages of both Executive and Non-Executive Directors remains with the Board. The Committee is responsible to ensure the level of remuneration is sufficiently attractive to retain a stable management team and to further encourage creation of value for the shareholders and link rewards to corporate goals and individual performance. Further, the Remuneration Committee also keeps abreast with changes in the external market for remuneration comparable, reviews and recommends changes to the Board as it deems appropriate.

The Committee met once during the financial year 2015 and all members of the Committee attended the meeting.

Statement on Corporate Governance (continued)

Directors' Remuneration

The Remuneration Committee determines the remuneration of each Executive Director, Executive Group Chairman and Group Managing Director reflecting the level of responsibility, experience and commitment. The fees paid to Non-Executive Directors are the responsibilities of the entire Board. No Director is involved in determining his/her own remuneration.

The details of aggregate remuneration paid to the Directors of the Company by the Group and the Company for the financial year ended 31 December 2015 are as follows:-

Aggregate Remuneration	Executive Directors (RM' 000)	Non-Executive Directors (RM' 000)
Salaries	936	–
Directors' Fees	300	50
Allowances and Benefit in Kind	58	6

In compliance with transparency, accountability and disclosure requirements under the MMLR, the number of Directors whose total remuneration falling within the following bands during the financial year ended 31 December 2015 are as follows:

Remuneration Band	Executive Directors	Non-Executive Directors
Below RM50,000	–	5
RM250,001 to RM300,000	2	–
RM650,001 to RM700,000	1	–

III. BOARD BALANCE AND INDEPENDENCE

During the financial year ended 31 December 2015, the Directors individually complete a formal written assessment of the Board, its performance, composition and conduct. The Chairman collates the opinions and responses of Directors and tables the results for review, comment and recommendation by the Board.

The Board comprises three (3) Executive Directors and five (5) Independent Non-Executive Directors. The Board comprises a majority of Independent Non-Executive Directors, which is in line with the Recommendation of the Code and the MMLR that requires one-third (1/3) of Board members to be independent directors.

The Board gives close consideration to its size, composition and spread of experience and expertise that enables the Board to provide effective leadership as well as independent judgement on business decisions, taking into account long term interests of shareholders, customers, suppliers and other business associates with whom the Group conducts its business.

The Board is satisfied with the composition and good mix of Executive Directors and Independent Non-Executive Directors to carry out the Board's priorities objectively and impartially and to grow the Group effectively. The Board is mindful of the MCGG 2012 which stipulates the requirement for Board to comprise majority of Independent Directors if the Chairman is also the Group Managing Director. The Board will give careful consideration and take necessary measure to comply including any restructuring when the need arises whilst simultaneously ensuring an effective and suitable composition, including Board size, is achieved in the interest of the Company.

The NC is established to regularly assess the independence of independent directors. The Independent Non-Executive Directors are also free from any business or related parties relationships that could materially interfere with independent judgment. Brief profile of each Director is presented from pages 8 to 11 of this Annual Report.

At end of the financial year, none of the Independent Non-Executive Directors has served for a cumulative period exceeding nine (9) years.

Statement on Corporate Governance (continued)

Division of roles and responsibilities between the Executive Chairman and the Managing Director

The Group practices a division of responsibility between the Chairman and the Managing Director and there is a balance of Executive and Independent Non-Executive Directors. The roles of the Chairman and Managing Director are separate and clearly defined responsibilities, and are held individually by two persons.

The Chairman's main responsibility is to ensure effective conduct of the Board and that all Directors, both Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages participation and deliberation by all Board members to enable the knowledge of all the Board members to be tapped and to promote consensus building as much as possible.

The Managing Director has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the Managing Director also functions as the intermediary between the Board and Management.

IV. COMMITMENT OF THE BOARD

All Board members shall notify the Chairman of the Board before accepting any new directorships in any other organisation. The notification shall include an indication of time commitment required under the new appointment as recommended by the Code.

Training and Development of Directors

The NC and the Board assess the training needs of each of its Directors on an on-going basis, by determining areas that would best strengthen their contributions to the Board.

All Directors have completed the Mandatory Accreditation Programme ("MAP") required under the MMLR. They are also mindful that training is essential to all Directors and they should continue to update their skills and knowledge to effectively execute their duties.

Statement on Corporate Governance (continued)

Since the date of last report, the Directors attended the following training/courses:

Name of Directors	Description of Training	Date
Datuk Tay Ah Ching @ Tay Chin Kin	<ul style="list-style-type: none"> Bursa Malaysia Berhad (Iclif Leadership and Governance Centre) - Nominating Committee Programme Part 2 : "Effective Board Evaluations" 	5 Oct 2015
Dato' Tay Tze How	<ul style="list-style-type: none"> Securities Industry Development Corporation - The Interplay Between CG, NFI and Investment Decision - What Boards of Listed Companies Need To Know Suruhanjaya Syarikat Malaysia - Annual Dialogue Companies Commission Of Malaysia (SSM) (Sarawak) 2016 	19 Aug 2015 11 Apr 2016
Dato' Tay Tze Poh	<ul style="list-style-type: none"> Securities Industry Development Corporation - The Interplay Between CG, NFI and Investment Decision - What Boards of Listed Companies Need To Know 	19 Aug 2015
Puan Sri Corinne Bua Nyipa	<ul style="list-style-type: none"> Suruhanjaya Syarikat Malaysia - SSM Sarawak Seminar 2015 - "Revamping The Companies Act" 	7 Oct 2015
Datuk Haji Abang Abdul Wahap Bin Haji Abang Julai	<ul style="list-style-type: none"> Suruhanjaya Syarikat Malaysia - Annual Dialogue Companies Commission Of Malaysia (SSM) (Sarawak) 2016 	11 Apr 2016
Dato' Ooi Teik Heng	<ul style="list-style-type: none"> Bursatra Sdn Bhd - Corporate Governance Management and Best Practices : Maximizing Board Effectiveness Through A Strong Board Risk Oversight Role Beyond Financial Performance 	2 Oct 2015
Wong Siaw Wei	<ul style="list-style-type: none"> Jabatan Kastam Diraja Malaysia - Training Course for the GST Tax Agent Bursa Malaysia Berhad (Iclif Leadership and Governance Centre) - Nominating Committee Programme Part 2 : "Effective Board Evaluations" Bursa Malaysia Berhad - Technical Briefing On Computation Of Percentage Ratios For Company Secretaries Of Listed Issuers Suruhanjaya Syarikat Malaysia - Annual Dialogue Companies Commission Of Malaysia (SSM) (Sarawak) 2016 	6 - 8 Feb 2015, 13 - 14, 16 Feb 2015 10 Sept 2015 6 Oct 2015 11 Apr 2016
Sim Chong Hong	<ul style="list-style-type: none"> Bursatra Sdn Bhd - Mandatory Accreditation Programme for Directors of Public Listed Companies Bursatra Sdn Bhd - Corporate Governance Management and Best Practices : Maximizing Board Effectiveness Through A Strong Board Risk Oversight Role Beyond Financial Performance 	9 & 10 Sept 2015 5 Oct 2015

Statement on Corporate Governance (continued)

V. BOARD INTEGRITY IN FINANCIAL REPORTING, RISK RECOGNITION AND MANAGEMENT

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring accounting records are properly kept and the Company and Group's financial statements are prepared in accordance with applicable financial reporting standards in Malaysia and the provisions of the Companies Act, 1965. It is assisted by the Audit Committee to oversee the Group's financial reporting processes, to determine that the reports fairly present the Group's financial position and the results of its operation and ensure the accuracy and adequacy of the information announced.

The Audit Committee is an independent platform for regular discussions between Independent Directors and External Auditors and to review the Company's process including internal control and communication with Internal Auditors.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Company is set out on page 29 of this Annual Report.

Risk Management and Internal Control

The Board is responsible for establishing a sound system of internal control to safeguard shareholders' investments and the Company's assets. The information on Group's Internal Control System is presented in the Statement on Risk Management & Internal Control as set out in this Annual Report.

The Audit Committee assists the Board in fulfilling such obligation by reviewing and evaluating independently its effectiveness and adequacy with the assistance of the Internal Auditors. In addition to the Audit Committee's independent evaluation of the Internal Control system, the head of individual department and key management personnel ("the management team") also ensures the implementation of a Risk Management Framework relating to all the Group's operations and business activities. The management team reports and recommends to the Board on its findings for approval on solutions.

Relationship with External Auditors

The Audit Committee meets with the external auditors at least twice a year to discuss any issues arising from their audits without the presence of the Management. The external auditors also highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee's or the Board's attention together with the recommended corrective actions thereof. The Management is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.

The role of the Audit Committee in relation to the external auditors is found in the Audit Committee Report on pages 24 to 26 of this Annual Report. The Group has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standard, the requirements of the Companies Act, 1965 in Malaysia and the MMLR.

The Audit Committee also reviews the proposed re-appointment of the external auditors of the Company and their fees on annual basis to ensure that the independence of the external auditors is not compromised.

For the audit of the financial statements of ABM Fujiya Berhad and its subsidiaries for the financial year ended 31 December 2015, the external auditors of the Group have confirmed their independence in accordance with the terms of relevant professional and regulatory requirements.

Statement on Corporate Governance (continued)

VI. TIMELY AND HIGH QUALITY DISCLOSURE

The Board has also established and adopted the Corporate Disclosure Policy which include feedback from management as recommended by the Code and the policies and procedures therein have been formulated with reference to the Best Practices published in the Corporate Disclosure Guide issued by Bursa Malaysia.

As recommended by the Code, the Company will seek to leverage on the latest and most innovative information technology available to promote more efficient and effective ways to communicate with both its shareholders and stakeholders. The Company's Annual Reports, announcements to Bursa Malaysia, media releases and presentations relating to its quarterly financial results have been made available on the Company's website.

Various contact details are provided on the Company's website to address queries from customers, shareholders and other public.

VII. RELATIONSHIP WITH SHAREHOLDERS

1. Shareholders and Investor Relations

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors and the Board is proactive in evaluating the effectiveness of information dissemination to all shareholders and the wider investing community.

As such, the Board disseminates proper, timely and adequate relevant information to the shareholders through announcements, quarterly results, Annual Reports and press releases.

An online Investor Relations section can be accessed by shareholders and the general public via the Company's website at www.abmfujiya.com.

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and Board members are in attendance to provide clarification on shareholders' queries.

Announcements are made on a timely manner to Bursa Malaysia and are made available electronically to the public via Bursa Malaysia's website at www.bursamalaysia.com as well as the Company's website at www.abmfujiya.com.

3. Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia' Corporate Governance Guide and the Companies Act, 1965, the Board recognises the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group.

This Statement is issued in accordance with a resolution of the Board of Directors dated 7 April 2016.

Additional Compliance Information

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the following information is provided hereunder.

Share Buy-Backs

During the financial year ended 31 December 2015, the Company did not purchase any of its own shares.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year under review.

Depository Receipt Programme

The Group did not sponsor any Depository Receipt Programme during the financial year under review.

Sanctions and Penalties

There were no sanctions or penalties imposed on the Group, its subsidiaries, Directors and Management during the financial year under review.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2015 by the Company’s external auditors, Messrs KPMG amounted to RM11,000 and there are also other fees in relation to services comprising tax compliance and advisory services incurred by a corporation affiliated to Messrs KPMG.

Variation in Results

During the financial year under review, there were no significant variations in results.

Profit Guarantee

During the financial year under review, there were no profit guarantees given by the Group.

Related Party Transactions

During the financial year under review, there was no material related party transaction.

Material Contracts

There were no material contract entered into by the Group and/or its subsidiaries involving directors and major shareholders, either subsisting at the end of the financial year or entered into since the end of the previous financial year.