

# Statement On Corporate Governance

The Board of Directors (“the Board”) of Equine Capital Berhad (“ECB” or “Company”) is fully committed to promote and achieve the highest standards of corporate governance and to ensure that the principles and best practices in corporate governance as detailed in the Malaysian Code of Corporate Governance (“the Code”) are practised and adopted in ECB and its subsidiaries (“the Group”).

The Board continuously evaluates the Group’s corporate governance practices and procedures with a view to adopt and implement the principles and best practices of the Code, wherever applicable, as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value. The Board believes that good corporate governance results in creation of long term value and benefits for all stakeholders.

## 1. THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the management to enable the Group to achieve its corporate goals.

### 1.1 Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board’s members are guided by six (6) areas of responsibility as outlined below:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group’s business to evaluate whether the business is properly managed;
- Identifying principal risks of the Group and ensuring that appropriate systems are implemented and/or steps are taken to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

Specifically and within the limits set by the Company’s Articles of Association (“Articles”), the Board is charged with the development of corporate objectives and the review and approval of corporate plans, annual budgets, acquisitions and disposals of major assets, major investments and changes to the management and control structure within the Group including risk management, delegation of authority and financial and operational policies and procedures.

### 1.2 Composition of the Board and Board Balance

The Board members are professionals from diverse disciplines, tapping on their respective qualifications and experiences in business, construction, commercial and financial aspects. Together, they bring a wide range of experience and expertise which are vital towards the effective discharge of the Board’s responsibilities for the successful direction and growth of the Group. A brief description of the background of each Director is set out on the Profile of Board of Directors in this Annual Report.

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The Board consists of six (6) members, comprising the Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), which requires one third (1/3) of or two members of the Board, whichever is higher, to be independent directors. No individual or group of individuals dominates the Board’s decision making and the number of directors fairly reflects the investment of the shareholders.

The Executive Directors together with senior executives form the senior management team (“Senior Management”) that is responsible for developing the Group’s business strategies as well as making and implementing operational decisions.

The Board is comfortable that there are sufficient experienced Non-Executive Directors on the Board who provide unbiased and independent views, advice and judgement to take into account the interests of all stakeholders. In addition, all major decisions and key issues involving the Group are referred to the Board for consideration and approval.

The Independent Non-Executive Directors of the Company are independent of management and free from any business or other relationships, which could interfere with the exercise of independent judgement on the Board’s deliberations and decision-making process. The role of these Independent Non-Executive Directors is therefore important as they provide unbiased and independent views, advice and directions and ensure that the strategies proposed by the Senior Management are fully discussed and examined and take into account the long-term interests, not only of the Group and the shareholders, but also of employees, customers, suppliers and other stakeholders.

The Board has also designated YAM Datuk Seri Tengku Ahmad Shah as the Director, to whom concerns may be conveyed.

All Directors have given their undertakings to comply with the Main Market Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

## 1.3 Appointment of Directors

The Nomination Committee is responsible for making recommendations to the Board on suitable candidates for appointment. In making these recommendations, due consideration is given to the required mix of skills, expertise, knowledge and experience that the proposed directors shall bring to complement the Board.

## 1.4 Re-Election of Directors

In accordance with the Articles,

- all Directors who are appointed by the Board are subject to retire, and be eligible for re-election by shareholders of the Company, at the first Annual General Meeting following their appointment, and
- one-third, or the number nearest one-third, of the remaining Directors shall retire from office and be eligible for re-election.

Notwithstanding the above, the Articles also provide that all the Directors of the Company shall retire from office once at least in every three years but shall be eligible for re-election.

To aid shareholders in their decision, sufficient information such as personal profile, meetings’ attendance and the shareholdings in the Group, if any, of each Director standing for re-election are furnished in a separate statement accompanying the Notice of Annual General Meeting.

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## 1.5 Directors' Training

The Group acknowledges that continuous education is vital for the Board members to keep abreast with, or gain insight into, the state of economy, technological advances, regulatory updates and management strategies. All the Directors have attended the Mandatory Accreditation Programme (MAP) except for Mr. Wee Beng Aun who was appointed to the Board on 1 July 2010. The Group provides a dedicated training budget for Directors' continuous education programme. During the financial year ended 31 March 2010, the Group had arranged an external training programme on "2010 Board Challenges" for the Directors.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge, where relevant and to keep abreast with the new regulatory development and Main Market Listing Requirements of Bursa Securities.

## 1.6 Supply of Information

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Board papers, together with the agenda of the Board Meeting and relevant reports, are circulated in advance of each Board Meeting to enable the Directors to review and obtain further information, where necessary, on matters presented in the Board papers. During Board Meetings, the Senior Management provides further details on each matter or supplementary information, where necessary. In addition and in accordance with the Articles, the Board also ratifies matters previously approved through Directors' circular resolutions.

Board proceedings, deliberations and conclusions of the Board at every Board Meeting are duly recorded in the Board minutes and all minutes are signed by the Chairman of the meeting in compliance with Section 156 of the Companies Act, 1965. All Directors have the right and duty to make further enquiries where they consider necessary.

Each Director has unrestricted access to all information within the Group, the Senior Management and the Company Secretary. The Directors, whether in capacity as the full Board or in their individual capacity, may in furtherance of their duties, take independent professional advice at the Company's expense, if required.

## 1.7 Board Meetings

The Board schedules to meet at least four times a year, with additional meetings convened as and when necessary. Due notice is given for all scheduled meetings.

During the financial year ended 31 March 2010, seven (7) Board Meetings were convened on 13 May 2009, 25 May 2009, 16 July 2009, 21 July 2009, 19 August 2009, 23 November 2009 and 3 February 2010. The meeting attendance of each individual Director is set out on the Profile of Board of Directors in this Annual Report.

## 1.8 Committees

The Board has established the Audit Committee to assist the Board in discharging its duties and responsibilities. The Audit Committee comprises:

- Wong Yuk Mou (Chairman)
- Datuk Ahmad Zabri bin Ibrahim (Member)
- Dato' Hamzah bin Md Rus (Member)

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The terms of reference of the Audit Committee have been approved by the Board and where applicable, comply with the recommendations of the Code. The details of the Audit Committee are set out on the Profile of Board of Directors in this Annual Report.

In line with best practices in Corporate Governance, the Code recommends for the establishment of the following committees:

## 1) Nomination Committee

The Board established the Nomination Committee on 16 April 2007. The Nomination Committee comprises:

- YAM Datuk Seri Tengku Ahmad Shah (Chairman)
- Datuk Ahmad Zabri bin Ibrahim (Member)
- Dato' Hamzah bin Md Rus (Member)

The primary function of the Nomination Committee is to propose new nominees for the Board, assess Directors performance on an on-going basis and review the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.

## 2) Remuneration Committee

The primary function of the Remuneration Committee is to set the policy framework for the remuneration of the Directors to ensure that the policy on Directors' remuneration are sufficient to attract and retain Directors of the calibre needed to manage the Group successfully.

As the Company has only one Executive Director during the financial year, the review of the Executive Director's remuneration will be a matter for the Board's consideration.

## 3) Risk Management Committee

The Board established the Risk Management Committee on 18 February 2009. The Risk Management Committee comprises:

- Wong Yuk Mou (Chairman)
- Dato' Hamzah bin Md Rus (Member)
- Lau Yik Wai (Member)
- Ranjeet Singh (Member)

The primary function of the Risk Management Committee is to assist the Board in fulfilling its duties and discharging its responsibility relating to the risk management and compliance practices of the Group.

## 1.9 Company Secretary

The removal and replacement of the Company Secretary is a matter for the Board's consideration.

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## 2. DIRECTORS' REMUNERATION

The remuneration of Directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For the Executive Director, the remuneration package links rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The remuneration package for the directors of ECB comprises the following elements:

### a. Salary

The salary (inclusive of statutory employer's contributions to the Employees' Provident Fund) of the Executive Director is determined and approved by the Board annually.

### b. Fees

The fees payable to the Non-Executive Directors is determined by the Board and approved by the shareholders of the Company at each Annual General Meeting.

### c. Allowances and benefits-in-kind

The allowances and other customary benefits (such as private medical insurance, company car, driver, fuel, etc) to the Directors are determined and approved by the Board as appropriate.

The details of Directors' remuneration during the financial year ended 31 March 2010 are as follow:

### 2.1 Aggregate Remuneration

Aggregate Remuneration	Executive Director (RM)	Non-Executive Directors (RM)
Salaries	180,000	-
Fees	-	176,000
Allowances	-	54,000
Benefits-in-kind*	3,600	-
<b>Total</b>	<b>183,600</b>	<b>230,000</b>

\* Based on estimated monetary value

### 2.2 Range of Remuneration

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Less than RM50,000	-	3
RM50,001 – RM100,000	-	1
RM150,000 – RM200,000	1	-

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## 3. SHAREHOLDERS

### 3.1 Shareholders and Investor Relations

The Board recognises the importance of transparency and accountability to its shareholders and maintains an effective communication policy that enables both the Board and the Senior Management to communicate effectively with its shareholders and the public. An important aspect of an active and constructive communication policy is the timeliness in disseminating information to shareholders and investors.

Accordingly, the Board communicates information on the operations, activities and performance of the Group on a timely manner through the following:

- The Annual Report which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Board and Audit Committee;
- Various announcements made to Bursa Securities which includes the announcement of quarterly results of the Group;
- The Company's website at [www.equine.com.my](http://www.equine.com.my); and
- The Investor Relations Incentive Program at [www.malaysiaplc.com](http://www.malaysiaplc.com).

### 3.2 Annual General Meeting ("AGM")

The AGM serves as an important means for shareholders' communication. Notice of the AGM and the Annual Report are sent to shareholders twenty-one (21) days prior to the AGM.

ECB will be convening its ninth AGM on 25 August 2010. The Board encourages its shareholders to raise questions regarding the resolutions being proposed at the AGM and also other matters pertaining to the business activities of the Group. The Directors and Senior Management of the Company will be available at the AGM to respond to questions posed by the shareholders.

Additionally, upon request, a press conference may be held immediately following the AGM where the Directors and Senior Management of ECB advise the press of the resolutions passed, and answer questions on the Group.

While the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be deemed as undisclosed material information about the Group will not be imparted to any single shareholder or group of shareholders.

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## 4. ACCOUNTABILITY AND AUDIT

### 4.1 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to shareholders via the Bursa Securities as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

The Directors are responsible to ensure that the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement of the Directors' responsibilities in preparing the financial statements is set out separately in this Annual Report.

### 4.2 Internal Control and Risk Management

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. Information of the Group's internal control and risk management is presented in the Statement on Internal Control set out in this Annual Report.

### 4.3 Relationship with the External Auditors

The Board, via the Audit Committee, established formal and transparent arrangements for maintaining an appropriate relationship with the Group's external auditors, Deloitte KassimChan.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors is set out in the Audit Committee's Report.