

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Scanwolf Corporation Berhad (“Scanwolf” or “the Company”) recognises and subscribes to the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 (“the Code”) as a key factor towards achieving an optimal governance framework and process in managing the business and operational activities of the Company and its subsidiaries (“the Group”).

The Board believes that good corporate governance practices are pivotal towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholders value, whilst taking into account the interests of other stakeholders. Hence, the Board is fully dedicated to continuously appraise the Group’s corporate governance practices and procedures to ensure that the principles and recommendations in corporate governance are applied and adhered to in the best interests of stakeholders.

The Statement below sets out the manner in which the Group has applied the principles of the Code and the extent of compliance with recommendations advocated therein.

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 guiding the Group’s corporate strategy and adopting a strategic plan for the Group through the development of risk policy, annual budgets and long term business plans, reviewing major capital expenditures and acquisitions.
- Monitoring corporate performance and the conduct of the Group’s business and ensuring compliance to best practices and principles of corporate governance.
- Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Audit Committee.
- Ensuring the existence of and reviewing the adequacy and soundness of the Group’s financial systems, internal control systems and management systems in compliance with applicable standards and laws and regulations.
- Developing and implementing an investor relation programme as well as a shareholders’ communication policy for the Group.

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

Board Charter

The Board had formalized and approved the Board Charter. The Board Charter will be reviewed as and when to ensure that it remains consistent with the Board’s objectives and best practices. The Board Charter can be accessed at the Company’s website at www.scanwolf.com.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Code of Conduct and Whistle-Blower Policy

The Company does not adopt the Code of Conduct and Whistle-Blower policy. The Board has always conducted themselves in an ethical manner while executing their duties and function. The Board believes in open management that any issues of concern can be channeled to Investigative Committee for appropriate action.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration. The Board takes heed of go green and energy saving by implementing several measures on sustainability.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis in an appropriate manner to enable them to discharge their duties and responsibilities.

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 furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is 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 Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Principle 2 - Strengthen Composition of the Board

As at the date of this report, the Board consists of nine (9) members, comprising of an Independent Non-Executive Chairman, an Independent Non-Executive Vice Chairman, two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; taxation; corporate affairs; marketing and operations; civil engineering; architecture; property management; banking.

Nomination Committee

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

During the financial year, the Nomination Committee met a total of five times, attended by all members, to assess the balance composition of Board members based on merits, Directors' contribution and Board effectiveness. The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members. The Nomination Committee assesses the Board members on an objective basis for both genders.

Remuneration Committee

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met twice attended by all members.

Due to many changes and short duration in Board, the Remuneration Committee does not recommend for Directors' fee but only as a token of appreciation saved for Mr. Ong Sing Guan who has served almost for the entire financial year 2015.

Policy Review Committee

The policy Review Committee was recently established to assist the Board in ensuring that daily operations are conducted effectively and make recommendations to the Board on management's proposals.

Details of Directors' remuneration for the financial period ended 30 June 2015 are as follows:

	Remuneration (RM)
Executive Directors	1,067,558.54
Non-Executive Director	30,000.00
Total	1,097,558.54

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The remuneration paid to the Directors, analysed in the following bands, is as below:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	1	1
100,001 to 150,000	1	-
250,001 to 300,000	2	-
300,001 to 350,000	1	-

There is no service contract made between any Director and the Company or its subsidiary companies.

Principle 3 – Reinforce Independence of the Board

The Independent Non-Executive Directors bring objective and independent views, advice and judgment for the interests of the Group, shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision by giving rationale and fair view and to decide impartially.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. Although the definition on independence according to the Listing Requirements of Bursa is used, the Board review and assess the independence in substance annually based on their conduct, impartial decision objectively and rationally and other independence criteria.

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 facilitate the Directors in planning 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 the Management, provide the relevant facts and analysis to all Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discuss major operational and financial issues. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

The Company has convened 12 Board meetings for the financial period ended 30 June 2015.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Board Meetings

There were twelve (12) Board meetings held during the financial period ended 30 June 2015, with details of Directors' attendance set out below:

Directors	Designation	No. of meetings attended	% of meetings attended
Lim Beng Huat (Resigned on 29/08/14)	Chairman/ Independent Non-Executive Director	2/2	100
Dato' Loo Bin Keong (Resigned on 05/02/15)	Non- Independent Non-Executive Director	5/5	100
Dato' Tan Sin Keat	Executive Director	12/12	100
Teoh Teik Kean (Resigned on 29/08/14) (Appointed on 13/07/15)	Executive Director	2/2	100
Lau Tiang Hua (Resigned on 29/08/14)	Independent Non-Executive Director	2/2	100
Ong Sing Guan (Resigned on 03/06/15) (Reappointed on 13/07/15)	Independent Non-Executive Director	12/12	100
Dato' Lai Kok Heng (Resigned on 30/09/14)	Executive Director	3/3	100
Chua Kiat Eng (Resigned on 29/04/15)	Independent Non-Executive Director	6/6	100
Soon Eng Kooi (Removed on 17/06/15)	Executive Director	10/10	100
Chang Nyen Wee (Resigned on 29/04/15)	Non-Independent Non-Executive Director	6/6	100
Dato' Ch'ng Kong San (Removed on 17/06/15)	Group Managing Director	8/8	100
Mak Hon Weng (Removed on 17/06/15)	Chairman/ Independent Non-Executive Director	6/6	100
Loh Kai Kwong (Removed on 17/06/15)	Independent Non-Executive Director	4/4	100
Umair @ Azura Bin Zakaria (Removed on 17/06/15)	Independent Non-Executive Director	3/4	75

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Directors	Designation	No. of meetings attended	% of meetings attended
Tan Weng Chuan (Removed on 17/06/15)	Independent Non-Executive Director	3/4	75
Teh Hock Leng (Removed on 17/06/15)	Independent Non-Executive Director	4/4	100
Mua'amar Ghadafi Jamal Bin Jamaludin (Appointed on 17/06/15)	Independent Non-Executive Director	-	-
William Wong King Nguong (Appointed on 17/06/15)	Non-Independent Non-Executive Director	-	-
Abdul Hamid Bin Abdul Shukor (Appointed on 17/06/15)	Independent Non-Executive Director	-	-
Dato' Ibrahim Bin Saleh (Appointed on 17/06/15)	Independent Non-Executive Director	-	-
Mohd Azizal Bin Shubali (Appointed on 17/06/15)	Independent Non-Executive Director	-	-

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. All Board members are required to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements of Bursa allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training – Continuing Education Programmes

The Company recognizes the importance of continuous professional development and training for its Directors. All the previous Board members have attended and successfully completed the Mandatory Accreditation Programme ("MAP") prescribed under the Main Market Listing Requirements. In addition, Directors continuously receive briefings and updates on the Group's businesses and operations, finance, corporate governance, new regulations and statutory requirements. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge.

There is an almost entire changed in the Board members effective 17 June 2015. The newly appointed Board members will make arrangement to complete MAP within the stipulated time frame.

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

The Company Secretaries also continuously update the Board Members on the relevant guidelines on statutory and regulatory compliance from time to time.

Principle 5 – Uphold integrity in financial reporting by 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 Chairman's statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Company changed the financial year end from 30 March 2015 to 30 June 2015. The Directors are satisfied that in preparing the financial statements of the Group for the period ended 30 June 2015, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Non-Executive Directors, majority being independent. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report 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. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

In assessing the independence of external auditors, the Audit Committee will in future require written assurance by the external auditors, 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 by the International Federation of Accountants and the Malaysian Institute of Accountants.

Principle 6 – Recognise and manage risks of the Group

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartiality, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit Function reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

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. On this basis, the Board has formalized pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

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

Principle 8 – Strengthen relationship between the Company and its shareholders

Shareholder participation at general meeting

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, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

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. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. 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.

The Company had an EGM convened by shareholders pursuant to S144 of the Companies Act during the financial year on removal and appointment of Directors on 17 June 2015. All resolutions in the EGM were put to vote by way of poll.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

This Statement is issued in accordance with a resolution of the Board dated 26 August 2015.