



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of Scanwolf Corporation Berhad (“Scanwolf” or “the Company”) acknowledges the importance of good corporate governance and is committed to ensure that good corporate governance is applied throughout Scanwolf Group of Companies (“the Group”). The Board further recognizes and subscribes to the importance of good corporate governance in protecting and enhancing the interest of shareholders and other stakeholders of the Company. As such, the Board is committed towards adherence to the principles, best practices and guidance set out in the Malaysian Code on Corporate Governance (“MCCG”) 2017 issued by the Securities Commission of Malaysia.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and the extent of compliance with the Recommendation of the MCCG 2012 as required under MCCG 2012 during the financial year ended 30 June 2017.

Board Leadership and Effectiveness

1. Board Responsibilities

The Board, which assumes responsibility for the company’s leadership, is collectively responsible for meeting the objectives and goals of the company. The Board recognises the key role it plays in charting the strategic direction of the Company and has undertaken the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing the strategies, business plans and significant policies for the Company. Such strategies, business plans and significant policies will be presented by the management via its executive directors during board meetings.
- Monitoring corporate performance and the conduct of the Group’s business and ensuring compliance to best practices and principles of corporate governance.
- Establishing, approving, reviewing and monitoring the Company’s risk appetite and comprehensive risk management policies, processes and infrastructures. Thereafter, identifying and implementing appropriate systems to manage such risks. The Board undertakes this responsibility through the Audit Committee which presents these risk management activities during the Audit Committee meetings.
- Reviewing the adequacy and integrity of the Company’s internal control and management information systems. The report pertaining to the adequacy and integrity of the internal control and management information system is presented to the Board for review by internal auditors during board meetings.
- Considering and evaluating emerging issues which may be material to the business and affairs of the Company.
- Ensuring that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from the Company’s management.
- Ensuring that there shall be unrestricted access to independent advice or expert advice at the Companies expense in furtherance of the Board’s duties whether as a Board or a director in his or her individual capacity.
- 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 and Remuneration 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. 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. On this, the Board has on 30 May 2017 reviewed its Board Charter. The Board Charter can be accessed at the Company's website at www.scanwolf.com.

3. Code of Conduct and Whistle-Blower Policy

The Directors observed the code in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Company does not adopt the 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 any Independent Directors for appropriate action.

4. 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.

5. 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 and quality necessary 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.

Board composition

Board Members Balance and Independence

The Board consists of seven (7) members, comprising of a Chairman/ Independent Non-Executive Director, three (3) Executive Directors, three (3) Independent Non-Executive Directors. 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 (1/3) of the Board, whichever is higher, must be independent. The profile of each Director is set out in pages 7 to 8 of 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, property management and banking.



CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board composition (Cont'd)

Board Members Balance and Independence (Cont'd)

To ensure that the Company promotes corporate governance effectiveness, the Independent Non-Executive Directors are in place to provide check and balance in the function of the Board and reflects the Company's commitment to uphold effective corporate governance.

Reinforce independence of the board

The Independent Non-Executive Directors bring objective and independent views, advice and judgment on interests, not only of the Group, but also of 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. The Board reviews and assesses the independence of its Independent Directors annually. Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) year as recommended by the MCG 2012.

The Chairman of the Company is an Independent Non-Executive Director and the Company does not appoint Chief Executive Officer currently.

Board Committees

To assist the Board in discharging its duties, the Board has established Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.

1. 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.

The Nomination Committee has developed criteria to assess the effectiveness of the Board and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-

- Adding Value
- Conformance
- Stakeholder Relationship
- Performance Management

The process also assess the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.

The Nomination Committee also undertakes annual assessment of the independence of its Independent Directors based on required mix skills, criteria of independence as per requirements of Main Market Listing Requirements, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Committees (Cont'd)

1. Nomination Committee (Cont'd)

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.

The Group also has no immediate plans to implement a diversity policy or target as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Group will provide equal opportunity to candidates with merit.

The Nomination Committee had met three (3) times during the financial year and activities of the Nomination Committee are as follows:-

- (a) Reviewed and assessed the balance composition of Board members.
- (b) Reviewed and recommended the re-election of Directors who were retiring and seek for re-election at Tenth Annual General Meeting.
- (c) Reviewed and recommended to the Board the appointment of Dato' Ong Boon Aun @ Jaymes Ong as Independent Non-Executive Director of the Company.
- (d) Reviewed and assessed the effectiveness of the Board and the contribution of each individual director.
- (e) Reviewed and assessed performance of independent directors.
- (f) Reviewed the term of office and performance of audit committee and each of its members.
- (g) Reviewed and recommended to the Board the appointment of Dato' Ong Boon Aun @ Jaymes Ong as Chairman of the Nomination Committee.
- (h) Reviewed and recommended to the Board the re-designation of Dato' Ong Boon Aun @ Jaymes Ong to Chairman of the Company.
- (i) Reviewed and recommended to the Board the appointment of Dato' Ibrahim Bin Saleh as Chairman of the Remuneration Committee.
- (j) Reviewed and recommended to the Board the appointment of Mr. Ong Sing Guan as member of the Nomination Committee.
- (k) Reviewed and recommended to the Board the change in the composition of the Remuneration Committee to comply with the guidance of MCCG 2017.

2. 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 2 times attended by all members.

3. Audit Committee

The Audit Committee ("AC") comprises of three (3) members of the Board who are Independent Directors. The members of the committee are set out on page 27 of this Annual Report. The primary roles, responsibilities and powers of the AC in accordance with its term of reference are to assist the Board with the following:-

- Informing the Board of any salient matters raise at the AC meeting which require the Board's notice or direction.
- Reviewing and informing the Board of the effectiveness of the risk management framework, processes and its report.

Further information on the composition and other information relating to the committee are set out on pages 27 to 28 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Meetings

Board meetings for each financial year are scheduled well ahead so that the Directors can plan accordingly and incorporate the year's Board meetings into their respective schedules. The Board's regular meetings are conducted no less than four (4) times a year. Special Board meetings may be convened as and when necessary to consider urgent matters or proposals that require the Board's expeditious review and decisions.

During the financial year ended 30 June 2017, the Board held a total of five (5) meetings and the details of the Directors' attendances are as follows:-

Directors	Designation	No. of meetings attended
Dato' Ong Boon Aun @ Jaymes Ong (Appointed on 29 August 2016)	Independent Non-Executive Director/ Chairman	4/4
Dato' Loo Bin Keong	Executive Director	5/5
Dato' Tan Sin Keat	Executive Director	5/5
Dato' Ibrahim Bin Saleh	Independent Non-Executive Director	5/5
En. Abdul Hamid Bin Abdul Shukor	Independent Non-Executive Director	5/5
Mr. Teoh Teik Kean	Executive Director	5/5
Mr. Ong Sing Guan	Independent Non- Executive Director	5/5
Dato' Othman Bin Talib (Retired on 28 November 2016)	Independent Non-Executive Director/ Chairman	2/2
En. Mohd Azizal Bin Shubali (Resigned on 28 November 2016)	Independent Non-Executive Director	2/2

Remuneration

The Board as a whole approves the remuneration of the Executive Directors with the Directors concerned abstaining from the decision in respect of their remuneration.

The remuneration of Directors of the Company for the financial year ended 30 June 2017, for the Company as well as group basis are as follows:-

	Fees (RM)	Salaries (RM)	Other emoluments (RM)	Total (RM)
Group				
Executive Directors	92,000	950,340	395,976	1,438,316
Non-Executive Directors	169,000	-	36,000	205,000
	261,000	950,340	431,976	1,643,316
Company				
Executive Directors	92,000	646,320	263,688	1,002,008
Non-Executive Directors	169,000	-	36,000	205,000
	261,000	646,320	299,688	1,207,008

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Remuneration (Cont'd)

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

	Number of Directors			
	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	1	6	-	6
RM400,000-RM450,000	1	-	1	-
RM450,000-RM500,000	-	-	1	-
RM500,000-RM550,000	1	-	1	-

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

Directors' Training – Continuing Education Programmes

The Company recognises the importance of continuous professional development and training for its Directors. All the 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.

Board members are also briefed by the External Auditors 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 update the Board Members on the relevant guidelines on statutory and regulatory requirements from time to time.

The Board is also aware that continuous training for the Directors is vital to assist them in discharging their duties effectively. The Board encourages the Directors to attend appropriate external programmes on subject matters that will aid them in discharging their duties.

For the year under review, the Directors had continually kept abreast with the development in the marketplace with the aim of enhancing the skill, knowledge and experience. Among the training programmes, seminars, conferences and briefings attended during the year were as follows:-

Name	Programmes
Mr. Ong Sing Guan	<ul style="list-style-type: none"> - Budget 2017: Income Tax/RPGT/GST updates & Tax Planning - Are You Ready for the Companies Act 2016? – Key revamp updates with tax planning elements - National Tax Conference 2017 - Practical Challenges and The Impact of Companies Bill 2015
Mr. Teoh Teik Kean	<ul style="list-style-type: none"> - Fraud Risk Management Workshop - Independent Directors Programme – The Essence of Independence - Practical Challenges and The Impact of Companies Bill 2015 - Anti-Corruption and Integrity – Foundation of Corporate Sustainability

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Name	Programmes
Dato' Tan Sin Keat	- Fraud Risk Management Workshop - Anti-Corruption and Intergrity – Foundation of Corporate Sustainability
En. Abdul Hamid Bin Abdul Shukor	- Fraud Risk Management Workshop
Dato' Ibrahim Bin Saleh	- Fraud Risk Management Workshop
Dato' Ong Boon Aun @ Jaymes Ong	- Mandatory Accreditation Programme (MAP)

Dato' Loo Bin Keong was not able to attend any seminars and/or training programmes during the financial year as he met a serious accident during the financial year.

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, 2016, 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 Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2017, 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, 2016.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors. The composition of the Audit Committee 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.

As the Board understands its role in upholding the integrity of financial reporting by the Company, it will take steps to revise the Audit Committee's terms of reference by formalizing a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors.

In assessing the independence of external auditors, the Audit Committee will 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 Ethics Standards Board for Accountants and the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Uphold integrity in financial reporting by Company (Cont'd)

Audit Committee (Cont'd)

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has accessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with term of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the appointment of the external auditors at the Annual General Meeting of the Company.

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.

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. The Board observes the corporate disclosure framework under Bursa Main Market Listing Requirements and other regulatory bodies to provide timely and material information of the Group to its shareholders and other stakeholders to facilitate their decision making process. The Group also refers to the "Corporate Disclosure Guide" issued by Bursa to enhance the timelines and quality of its disclosure.

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.

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, the attended shareholders were invited by the Chairman to raise questions.

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 poll. The outcome of the AGM was announced to Bursa on the same meeting day.

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 October 27, 2017.