

# STATEMENT ON CORPORATE GOVERNANCE

The Board is fully committed to developing and maintaining high standards of corporate governance by implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance 2012 (the "Code"). It recognizes that principles of good corporate governance and business integrity are fundamental to the goals of enhancing shareholder value and protecting the interests of all stakeholders. The Board is pleased to provide the following statement, which outlines the primary corporate governance practices consistently adopted by the Group.

## **Principle 1 Establish clear roles and responsibilities**

### ***Composition of the Board/Board Balance***

The Board currently consists of seven (7) members; comprising two (2) Non-Independent and Non-Executive Directors, three (3) Executive Directors and two (2) Independent Non-Executive Directors. The Board consists of members from a wide range of discipline and background, providing in-depth and diversity in experience to the Group's operations. The Board is led by the INED while the executive management is helmed by the Deputy Chairman & Group Managing Director, Deputy Managing Director and Executive Director. All Independent Non-Executive Directors are free from any business dealings and other relationship with the Group and therefore play a crucial role in corporate accountability with their independent, unbiased views, advice and judgment in the decision making process.

With Dato' Khor Ah Hua @ Khor Choo Fong as the Group Independent Non-Executive Chairman and Dato' Ewe Swee Kheng as the Deputy Chairman & Group Managing Director, there is a clear division of responsibilities between these roles to ensure a balance of power and authority. Furthermore, the complement of Non-Executive Directors provides an effective Board with a mix of industry-specific knowledge, technical and commercial experience. This balance enables the Board to provide a clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company's strategies and performance.

The Independent Non-Executive Directors further strengthen the Board in providing unbiased and independent views, advise judgement. They also contribute to the formulation of policies and decision-making through their expertise and experience.

A brief profile of each Director is presented on page 12 to page 16 of this Annual Report.

### ***Board Responsibilities and Duties***

The Company is led by an experience and dynamic Board. It has a balanced board composition with effective independent directors. The Board takes full responsibility and retains full and effective control over the affairs of the Group. The Board's functions and responsibilities are as stipulated in the Board Charter, their primary focus is on overall strategic planning including business plan and annual budget, performing quarterly review of business and financial performance, reviewing risk management, exercising internal controls and enforcing legal and statutory compliance.

### ***Board Charter***

The Board has established a Board Charter which sets out the duties and responsibilities of individual directors, Board Committee and the Board as a whole in accordance with the principles of good corporate governance. The Board Charter will be periodically reviewed and published on the Company's corporate website: [www.eweinberhad.com](http://www.eweinberhad.com)

**Principle 1 Establish clear roles and responsibilities (Cont'd)*****Board Charter (Cont'd)***

The Board Charter covers the following key areas :

- a) Establishing and reviewing the strategic direction of the Company;
- b) Overseeing and evaluating the conduct of the Company's businesses;
- c) Identifying principal risks and ensure that the risks are properly managed;
- d) Establishing a succession plan;
- e) Developing and implementing an investors relations programme or shareholder communication policy;
- f) Reviewing the adequacy of the internal control policy.

***Directors' Code of Conduct/Ethics***

The Board has adopted a Code of Ethics & Conduct for its Directors, formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors. This Code of Ethics & Conduct complements the whistle blowing policy which outlined the procedure on handling of any actual or potential fraud or breach of ethics involving the employee, management or Director in the Group reported by whistle blower.

***Company Secretary***

The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance ("CG") of Ewein Group. In this respect, he plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations. The Company Secretary also supports the Board in managing the Group Governance Model to ensure its relevance and effectiveness.

The Company Secretary ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. He has also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.

***Strategies Promoting Sustainability***

The Board recognizes the Group's commitment toward sustainability and environmental, social and governance performance as part of its broader responsibility to stakeholders, shareholders and communities in which it operates. The Company's approach to sustainability for the financial year under review is set out in the Corporate Social Responsibility Statement in Page 31 of this Annual Report.

***Supply of Information***

Board reports are sent to the Directors prior to each meeting to enable the Directors to obtain explanations, where necessary to allow them to effectively discharge their responsibilities. The Board has access to all information in relation to the Group whether as a full Board or in their individual capacity to assist them in the furtherance of their duties. Besides direct access to management staff, the Company Secretary is also made available to render his independent views and advice to the Board.

In addition, the Directors, if necessary, may also seek professional advice, at the Company's expense, if required. The Directors may also consult the Chairman and other Board members prior to seeking any independent professional advice.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 1 Establish clear roles and responsibilities (Cont'd)

#### **Workforce Diversity**

The Group has no immediate plan 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.

### Principle 2 Strengthen Composition

#### **Board Committees**

The Board has delegated appropriate responsibilities to the Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee, in order to enhance business and operational efficiency and efficacy. The respective terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. The respective terms of references are available for reference at the corporate website [www.eweinberhad.com](http://www.eweinberhad.com). The Chairman of the respective Committees report to the Board the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the full board meeting.

#### **a) Nominating Committee**

All the members of the Nominating Committee are Non-Executive Directors. The members of the Nominating Committee are as below:

<b>Name of Director</b>	<b>Designation</b>
Mr Tan Yen Yeow	Chairman, Independent Non-Executive Director
Dato' Khor Ah Hua @ Khor Choo Fong	Member, Independent Non-Executive Director
Ms Ewe Lay Khim	Member, Non-Independent Non-Executive Director

The Company's Constitution (the Articles of Association as adopted before the commencement of the Companies Act, 2016) provide that one third (1/3) of the Directors are required to retire at every Annual General Meeting ("AGM"), and be eligible for re-election provided that each Director shall retire once in every three (3) years.

#### Annual Assessment

The Nominating Committee reviews the composition of the Board Committees in accordance with the terms of reference of the Board Committees. The Committee also reviews annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual director through the annual assessment questionnaire completed by each director. In determining candidates for appointment to the Board Committees, various factors are considered, including the time commitment of the Board Committee members in discharging their role and responsibilities through attendance at their respective meetings, their performance and contribution to the achievement of the Board Committees' goals and objectives, possession of the attributes, capabilities and qualifications considered necessary or desirable for committee service and demonstration of independence, integrity and impartiality in decision-making. The attendance at Board Committee meetings during the financial year ended 31 December 2016 is provided under page 27 of this Corporate Governance Statement.

**Principle 2 Strengthen Composition (Cont'd)**
**a) Nominating Committee (Cont'd)**
Appointment and Re-election of Directors

The Board has delegated the Nominating Committee the responsibility for considering the appointment of Directors, identifying and selecting potential new directors and proposing to the Board the appointment of new directors.

The Nominating Committee of the Company has assessed the independence of Dato' Khor Ah Hua @ Khor Choo Fong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommend him to continue to act as Independent Non-Executive Director of the Company based on that he is independent from the management and free from any business dealings with the Group that could be perceived to interfere in his exercised of independent judgement. In this respect, Dato' Khor Ah Hua @ Khor Choo Fong will be seeking shareholders' approval on his retention as independent director at the forthcoming AGM.

The Nominating Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming AGM in accordance with the provisions of the Constitution of the Company and the relevant provisions of the Companies Act, 2016. The Company's Constitution provided that a Director appointed during the year is required to retire and seek election by shareholders at the following AGM immediately after their appointment. The Constitution also requires that one-third of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself or re-election once every three years. In this respect, three directors will be retiring at the forthcoming AGM, namely Mr Poh Chee Kwan, Mr Chuah Poh Lim and Ms Chan Gooi Yew. They shall retire accordingly, and being eligible, will offer themselves for re-election at the Company's AGM.

***Gender Diversity Policy***

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group with due consideration on skills, industry experience, background, age, race, gender and other qualities in determining the optimum composition of the Board. The Board is also mindful of the recommendation of the Code to have at least 30% women decision-makers in the corporate sector by year 2016. However, the Board does not have a specific policy on setting targets for female candidates. Currently, there are two (2) female directors on board, Ms Ewe Lay Khim and Ms Chan Gooi Yew.

**b) Remuneration Committee**

The Remuneration Committee comprises a majority of Non-Executive Directors who responsible for recommending the remuneration packages of the Executive Directors of the Company to the Board on a yearly basis. The Board determines the remuneration of Non-Executives Directors who abstain from deliberation and decision made in respect of their individual remuneration. Currently, the members of the Remuneration Committee are:

Name of Director	Designation
Ms Ewe Lay Khim	Chairman, Non-Independent Non-Executive Director
Dato' Khor Ah Hua @ Khor Choo Fong	Member, Independent Non-Executive Director
Mr Tan Yen Yeow	Member, Independent Non-Executive Director
Dato' Ewe Swee Kheng	Member, Deputy Chairman & Group Managing Director

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 2 Strengthen Composition (Cont'd)

#### b) Remuneration Committee

##### Directors' Remuneration

The remuneration of the Directors of the Company for the financial year ended 31 December 2016, for the Company as well as the group basis are as follows:

Remuneration	Salaries (RM)	Fee (RM)	Benefit-in-Kind (RM)	Total (RM)
<b>Group</b>				
Executive Directors	584,800	37,000	72,750	694,550
Non-Executive Director	-	108,000	-	108,000
<b>Company</b>				
Executive Directors	-	37,000	-	37,000
Non-Executive Directors	-	108,000	-	108,000

The numbers of Directors whose total remuneration fall within certain bands are as follow:

Remuneration	Number of Directors			
	Company		Group	
	Non-Executive	Executive	Non-Executive	Executive
Below RM 50,000	4	3	4	-
RM 50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	-	-	2
RM200,001 - RM250,000	-	-	-	1
RM250,001 - RM300,000	-	-	-	-

### Principle 3 Reinforce Independence

#### **Assessment of Independent Directors**

The Board recognizes the importance of independence and objectivity in the decision making process. The Board and its Nominating Committee in their annual assessment concluded that each of the two independent Non-Executive Directors continue to demonstrate conduct and behavior that are essential indicators of independence. Each of them continues to fulfil the definitions and criteria of independence as set out in Bursa Malaysia Main Market Listing Requirements.

**Principle 3 Reinforce Independence (Cont'd)*****Tenure of Independent Directors***

The Board is of the opinion that the composition is balanced and in compliance with the Bursa Malaysia Main Market Listing Requirements. The Nominating Committee had also assessed the independency of Dato' Khor Ah Hua @ Khor Choo Fong ("Dato' Khor") who has served the Company as Independent Director for a cumulative term of more than 9 years.

The Nominating Committee upon its assessment carried and is satisfied that Dato' Khor has satisfactorily demonstrated that he is independent from the management and free from any business dealings with the Group that could be perceived to interfere in his exercised of independent judgement. The Board took note of recommendation of the MCCG but immediate compliance with the said recommendation posed a disadvantage to the Company in terms of losing an experienced independent director who over the years had contributed to the effectiveness of the Board as a whole. Nevertheless, Dato' Khor will be seeking shareholders' approval on his re-appointment as independent director at the forthcoming Annual General Meeting. In view thereof, the Board recommends and supports his re-appointment as independent non-executive director of the Company at the forthcoming Eleventh Annual General Meeting of the Company.

***Chairman and Managing Director to be held by different Individuals***

The positions of the Chairman and the Managing Director are held by two different individuals in line with the Code's Recommendations. There is a clear division of responsibility between the Non-Executive Chairman and the Managing Director to ensure that there is a balance of power and authority.

The Chairman is responsible for leading the Board and ensuring its effectiveness whilst the Managing Director is responsible for running the Group's business.

***Chairman to be a Non-Executive Director***

The Board had redesignated the Independent Non-Executive Director, Dato' Khor Ah Hua @ Khor Choo Fong as the Chairman of the Board on 31 May 2016 in compliance with the best practices of the Code which recommends that the Chairman of a company shall be a non-executive independent director.

**Principle 4 Foster commitment**

The Board recognizes the need for the directors to spend sufficient time and efforts in carrying out their responsibilities, thus each director is expected to commit sufficient time in attending meetings for the Board, Board Committees as well as external trainings to enhance their professional skills.

***Board Meeting***

During the financial year ended 31 December 2016 the Board met on 4 occasions. Meeting agendas included review of quarterly financial results and announcements, plan and direction of the Group.

The Board meetings are fixed in advance at the end of the preceding financial year to enable the Directors to plan ahead and incorporate the year's meetings into their own schedules. Board meetings are held every quarter and additional meetings are held as and when necessary. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 4 Foster commitment (Cont'd)

#### **Board Meeting (Cont'd)**

Where the Board is considering a matter in which a Director has an interest, such Director will abstain from all deliberations and decision making on the subject matter. In the event any Directors are unable to attend Board meetings physically, the Company's Constitution allow for such meetings to be conducted via telephone, video conference or any other form of electronic communication.

Details of each existing Director's meeting attendances are as follows:

<b>Name of Director</b>	<b>Attendance</b>
Dato' Seri Ewe Tiong Hor (Retired on 31 May 2016)	0/1
Dato' Ewe Swee Kheng	4/4
Mr Chuah Poh Lim	4/4
Ms Chan Gooi Yew (Appointed on 31 May 2016)	2/2
Mr Poh Chee Kwan	4/4
Mr Tan Yen Yeow	4/4
Dato' Khor Ah Hua @ Khor Choo Fong	4/4
Ms Ewe Lay Khim	4/4

#### **Protocol for the Appointment of Directors**

To ensure that Directors have sufficient time to fulfill their roles and responsibilities effectively, the criteria as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five PLCs (as prescribed in Paragraph 15.06 of the MMLR).

Under Recommendation 4.1 of the MCCG 2012, the Board should stipulate the expectations of time commitment for members who accept a new directorship. The Protocol requires the Directors to notify the Chairman before accepting any new directorship. This information will be shared with the Board, together with a quarterly update by individual Directors on their directorships and shareholdings in the Company, to confirm the Board members' commitment in devoting sufficient time to carry out their responsibilities.

Such information is also used to monitor the number of directorships held by the Directors of the Company, particularly those on PLCs, and to notify the Companies Commission of Malaysia of any changes in other directorships on public companies. Currently all the Directors of the Company hold not more than two directorships on PLCs, including Ewein.

#### **Directors' Training**

The Directors undergo training to equip themselves to effectively discharge their duties as Directors and for that purpose they ensure that they attend such training programmes. All Directors of the Group have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia Securities Berhad. The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles as directors effectively, more specifically in discharging their responsibilities towards corporate governance and regulatory compliances.

**Principle 4 Foster commitment (Cont'd)**
***Directors' Training (Cont'd)***

During the financial year ended 31 December 2016, the seminars and training programmes attended by various members of the Board included the followings:-

<b>Date</b>	<b>Name of Director</b>	<b>Seminar / Training</b>
07.09.2016 & 08.09.2016	Chan Gooi Yew	Mandatory Accreditation Programme for Director of Public Listed Companies
06.10.2016	Chan Gooi Yew	MFRS/FRS Update 2016/2017 Seminar
02.11.2016	Chan Gooi Yew	KPMG in Malaysia Tax Summit 2016
04.01.2016	Chuah Poh Lim	Iso 9001:2015 Quality Management System Awareness Training Course
16.03.2016 & 17.03.2016	Chuah Poh Lim	4TH Annual Township Development
05.10.2016	Ewe Lay Khim	A Guide for Audit Committees and Independent Directors-Corporate Governance, Updates on Bursa Listing and Current Issues in Financial Reporting
03.11.2016	Ewe Lay Khim	2017 Budget Seminar: Comprehensive Updates for Corporate Accountants
30.08.2016	Poh Chee Kwan	Latest Amendments to Listing Requirements, Corporate Disclosure Policy Under The Listing Requirements and Roles and Responsibilities of Directors Under the Listing Requirements
08.03.2016	Tan Yen Yeow	Focus Group Series: Corporate Governance Disclosures "What Makes Good, Bad and Ugly Corporate Governance Reporting"

Saved as disclosed above, Dato' Khor Ah Hua @ Khor Choo Fong and Dato' Ewe Swee Kheng were not able to attend any seminars and / or training programmes during the financial year due to overseas travelling and their busy work schedule. However, they have kept themselves abreast on financial and business matters through readings and attending customers' and suppliers' meetings to enable them to contribute to the Board. They are also aware of their duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

**Principle 5 Uphold integrity in financial reporting**
***Financial Reporting***

The Board is responsible to ensure that the Company's financial statements are prepared in accordance with the Financial Reporting Standards and the Companies Act, 1965 (before the commencement of the Companies Act, 2016). The Company publishes its financial statements annually and quarterly as required by the Bursa Malaysia Securities Berhad. The Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 30 to 31 of this annual report.

***Relationship with Auditors***

The Company's external auditors continue to provide the independent assurance to shareholders on the Group's and the Company's financial statements. The Board maintains a formal and transparent relationship with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report on pages 35 to 37 of this Annual Report.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 5 Uphold integrity in financial reporting (Cont'd)

#### **External Auditors**

The Board maintains formal and transparent relationship with its External Auditors through the Audit Committee. The Audit Committee has been conferred with the authority to directly liaise with both the External and Internal Auditors. It is a policy of the Audit Committee that it meets with External Auditors at least twice a year to discuss and review of their audit plans, scope of audit and audit reports as well as their professional fees. The Audit Committee will review the appointment and re-appointment of External Auditors and to assess the performance and independency of the External Auditors on annual basis. The External Auditors is expected to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention.

The existing auditors, Messrs. KPMG had confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee, upon its recent annual assessment carried out, is satisfied with their work done and independence and had recommended to the Board for their re-appointment at the forthcoming annual general meeting.

### Principle 6 Recognise and manage risks

#### **Internal Control**

The Board has overall responsibility for maintaining a sound system of internal controls that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines. The effectiveness of the system of internal controls of the Company and of the Group is reviewed by the Audit Committee during its quarterly meetings. The review covers the financial, operational and compliance controls as well as risk management functions. The Statement on Internal Control, which provides an overview of the state of the internal control within the Company and the Group, is set out on pages 33 and 34 of the 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 disclosure relating to the Company and its subsidiaries to be made to the regulators, shareholders, and stakeholders.

Accordingly, the Board will consider developing pertinent corporate disclosure policies to enhance its existing information disclosure practices adopted from the Listing Requirements.

The Company continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board endeavours to keep its shareholders and investors informed of its progress through a comprehensive annual report and financial statements, circulars to shareholders, quarterly financial reports, periodic press releases and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operation.

The Group also maintains a corporate website at [www.eweinberhad.com](http://www.eweinberhad.com) whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Malaysia Securities Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The Company is guided by the Bursa Securities Listing Requirements in the regards to the Corporate Disclosure policy.

**Principle 8 Strengthen relationship between company and shareholders*****Communication with Shareholders and Investors***

The Board adheres to the disclosure requirements of Bursa Malaysia Securities Berhad and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

***Investor relations***

Information of the Group is also accessible through the Company's website at [www.eweinberhad.com](http://www.eweinberhad.com) which is updated on a regular basis. Information available in the website includes among others the Group Annual Report, quarterly financial announcements, major and significant announcements, press releases and latest corporate developments of the Group.

***Shareholder participation at general meeting***

The forthcoming AGM is the Company's Eleventh AGM as a listed company and this will provide the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group. At the AGM, shareholders are given direct access to the Board and are encouraged to participate in its proceedings and seek clarification on the performance of the Group.

***Poll Voting***

Pursuant to the Paragraph 8.29A(1) of MMLR of Bursa Securities, all resolutions talked at general meetings will be put to vote by way of poll and the voting results will be released to Bursa Malaysia on the same day.

**STATEMENT ON COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

Having reviewed the governance structure and practices of the Group, the Board considers that it has complied with the best practices as set out in the Code throughout the financial year.

The Statement of Corporate Governance was approved by the Board of Directors on 28 April 2017.

**STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Directors are required by the Companies Act, 1965 (before the commencement of the Companies Act, 2016) to prepare financial statements for the financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company for the financial year ended.

In preparing the financial statements, the Directors have used appropriate and relevant Accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all applicable approved accounting standards in Malaysia have been complied with.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### STATEMENT OF DIRECTORS' RESPONSIBILITY (CONT'D)

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 (before the commencement of the Companies Act, 2016).

The Directors also have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, to detect and prevent fraud and other irregularities.

The Directors' Responsibility Statement in respect of the Audited Financial Statement for the year ended 31 December 2016 is set out in the Financial Statement section 251 of the Companies Act, 2016.

### CORPORATE SOCIAL RESPONSIBILITY

Here in Ewein, we have always believed in sustainable growth, both economically and socially. We continued the various programmes we initiated in previous years and started new ones with the aim of fulfilling our corporate responsibility and more importantly, to give something back to the community. During the year we had made monetary donation amounting to RM500 to Heng Ee High School, Penang., Persatuan Kebajikan Kanak-Kanak Istimewa Daerah SPS (RM10,000), Penang Cheshire Home (RM1,800), Silver Jubilee Home For the Aged(RM2,500) , Tabung Pembinaan SMJK Heng EE Cawangan Bayan Baru (RM5,000).

While we understand that our sustainability and long-term success depend on our ability to gain access to new business opportunities and the strength of our relationships with key stakeholders such as customers, employees, suppliers, shareholders and regulators, we also recognised that our businesses have direct and indirect impact on the societies in which we operate. Hence, besides conducting our business in a fair manner and respecting the local laws, customs and traditions, looking after our employees and the community and ultimately improving the quality of life for them are key areas for the Group.

In effort to develop and retain quality employees, the Group provided in-house as well as out-sourced training programmes for all skilled and non-skilled employees.

**ADDITIONAL DISCLOSURE STATEMENTS****UTILISATION OF PROCEEDS**

Otherwise as stated below, there were no proceeds raised by the Company from any corporate proposals during the financial year:

***Conversion of Warrants to Ordinary Shares***

During the financial year, there was issuance of 11,068,200 new ordinary shares arising from the exercise of warrants at an exercise price of RM0.61 per ordinary share. As at 31 December 2016, the Company completed the listing and quotation of 11,068,200 new ordinary shares following the conversion of Warrants. As at 31 December 2016, the gross proceeds have been fully utilised by the Group on working capital purpose.

***Private Placement***

On 18 April 2017, the Company completed the listing and quotation of 10,000,000 new ordinary shares issued pursuant to a private placement exercise. The placement shares were issued at RM0.755 per share. The proceeds of RM7,550,000.00 received from the private placement have been fully utilised for repayment of bank borrowings and expenses in relation to the private placement exercise.

**NON-AUDIT FEES**

During the financial year, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:-

	<b>Audit Fee (RM)</b>
Company	45,000
Group	155,120

During the financial year, the amount of non-audit fees paid to external auditors and its affiliates by the Company and the Group respectively were as follows:-

	<b>Non-Audit Fee (RM)</b>
Company	10,000
Group	93,100

The Group non-audit fees of RM93,100 consists of tax compliance fees and fees for the review of the Statement of Risk Management and Internal Control.

**MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS**

There were no material contracts of the Company and its subsidiaries, involving interest of Directors, Chief Executive who is not a Director and/or major shareholder, still subsisting at the end of the financial year.

**RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 31 December 2016, except as disclosed in Note 25 to the financial statements.