



Statement of Corporate Governance

The Board of Directors (“Board”) of Greenfield Berhad (“Company” or “Group”) recognises the importance of good corporate governance in protecting and enhancing shareholder value and financial performance of the Company. The Board is fully committed to maintaining the highest standards of transparency, accountability and integrity, in line with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2012 (“Code”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The Board is pleased to present this statement of corporate governance which outlines how the Company has applied the Principles and Recommendations set out in the Code for the financial year ended 31 July 2015. Where there are gaps in the Company’s observation of any of the Recommendations of the Code, they are disclosed herein with explanations.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

FUNCTIONS OF THE BOARD

The Board has overall responsibilities for the performance and affairs of the Group. The Board members with a wide range of skills and experience from financial and business background leads and controls the Group. To ensure the effective discharge of its functions and responsibilities, the Board established an internal governance model for the delegation of specific powers of the Board to the Executive Directors and the properly constituted Board Committees, namely the Audit, Nomination, and Remuneration Committees. The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs in accordance with their respective terms of references. All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group is firmly within the Board.

The Executive Directors, representing the Management, are primarily responsible for the Group’s day-to-day management and operations. The Executive Directors formulate operation plans and oversee the execution of these plans. The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide broader views, independent assessments and opinions on management proposals.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Group is led and managed by an effective Board consisting of professionals and competent directors with different qualifications, expertise and experiences that are relevant to the management of the Group’s businesses. In fulfilling its fiduciary and leadership functions, the Board is primarily responsible to ensure that there are appropriate systems and procedures in place to manage the Group’s strategic plans, business conduct, significant risks, succession planning, shareholders’ communication, internal control and management information systems in accordance with high standards of transparency, accountability and integrity.

The Board is leading and managing the Company in an effective and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed and have a legal duty to act in the best interest of the Company.

The Board assumes, amongst others, the following duties and responsibilities:-

- a) Reviewing and adopting the overall strategic plans and programs for the Company and the Group;
- b) Overseeing and evaluating the conduct and performance of the Company and Group’s businesses including its control and accountability systems;
- c) Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
- d) Overseeing the development and implementation of shareholder and stakeholder communications policy;
- e) Approving major capital expenditure and capital management;
- f) Reviewing the adequacy and the integrity of the management information and internal controls system of the company; and
- g) Ensuring that appropriate plans are in place in respect of the succession plan for the senior management of the Group.



Statement of Corporate Governance (cont'd)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

CODE OF ETHICS AND CONDUCT

The Board has formalized in writing a Code of Conduct, setting out the standards to engender good corporate practices. The Code advocates the ethical values that form the basis for business decisions. The Code of Conduct has been communicated to all levels of employees in the Group.

The Board has also formalized in writing the Company's Whistle-Blowing Policy, which provides appropriate communication and feedback channels to facilitate whistle-blowing. Both the Code of Conduct and the Whistle-Blowing Policy are available for reference at the company's website at www.greenyield.com.my.

STRATEGIES PROMOTING SUSTAINABILITY

The Board is confident that the Company's strategies in delivering long-term sustainability would create economic value for the shareholders as well as protect the stakeholders' interest. A report on sustainability activities, demonstrating the Group's commitment to the environment, workplace, and community, is detailed in the Statement on Corporate Social Responsibility.

ACCESS TO INFORMATION AND ADVICE

The Board is supplied with information on a timely manner with information in a form and quality appropriate to enable the Board to discharge its duties effectively. All Directors are provided with comprehensive reports and/or board papers to enable the Directors to review and consider matters to be deliberated on. The board papers include reports relevant to the issues of the meeting covering the areas of:-

- a) Quarterly financial reports, reports on cash flow and borrowing positions, budgets and other financial reports;
- b) Business development reports;
- c) Operational matters;
- d) Corporate developments of the Group;
- e) Audit reports;
- f) Directors' share dealings;
- g) Reports on related party transactions and recurrent related party transactions;
- h) Report on sound framework of internal controls and regulatory compliance;
- i) Regulatory compliance matters and updates issued by the various regulatory authorities; and
- j) Any other matters for the Board's decision.

A well structured agenda also allows the Chairman of the Board good control over the conduct of the meeting and allocation of time for discussion of various matters. Senior Management and external advisers may be invited to attend Board Meetings to provide their professional views, advice and explanation on specific items on the agenda.

All Directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Directors' responsibilities under the respective legislations and regulations and Company's compliance with the relevant laws and regulatory requirements. The Directors may take independent advice, at the Company's expense, in the exercise of their duties should such advisory services be considered necessary.

All deliberation in terms of issues discussed and all decisions made during Board Meetings are recorded in the Board minutes for completeness and accuracy which are then circulated to all Directors and duly signed by the Chairman of the Meeting.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board recognizes the importance of role of the Company Secretary in supporting the Board. As such the Board is assisted by qualified and competent company secretaries in advising and ensuring regulatory compliance and development, and also board policies and procedures.

All board meetings are attended by the Company Secretaries and is ensured to maintain accurate and adequate records of the meeting proceedings and decisions made.



Statement of Corporate Governance (cont'd)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

BOARD CHARTER

The Executive Directors are responsible for implementing the corporate strategies and management of the day-to-day operations of the Group whereas the Independent Non-Executive Directors are responsible for exercising independent judgment and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interests of all stakeholders. The respective roles and responsibilities of the Board are clearly set out in the Board Charter. The Board Charter will be periodically reviewed and the details of the Board Charter are available for reference at www.greenyield.com.my.

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management. It will also assist the Board in the assessment of its own performance and that of its individual directors.

The Board to set out the key values, principles and ethos of the company, as policies and strategy development are based on considerations in the Board Charter. The Board Charter includes the division of responsibilities and powers between the Board and management which is lead by the Executive Directors, the different committees established by the Board, and between the Chairman and the Group Managing Director / Chief Executive Officer. The Board Charter also sets out processes and procedures for convening board meetings.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter will be reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is made public in the Company's website at www.greenyield.com.my.

PRINCIPLE 2: STRENGTHEN COMPOSITION

NOMINATION COMMITTEE

The Nomination Committee comprises two (2) Non-Executive Directors, all of whom are Independent Directors. The members of the Nomination Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director

The duties of the Nomination Committee are:-

- a) To recommend to the Board, candidates for all directorships. In making the recommendations, the Committee considers candidates proposed by the Group Managing Director / Group Chief Executive Officer, and within the bounds of practicability, by any other senior executive, director or shareholder;
- b) To recommend to the Board, directors to fill the seats on Board Committees. In making its recommendations, the following matters are considered of the candidate:-
 - i) skills, knowledge, expertise and experience;
 - ii) professionalism;
 - iii) integrity; and
 - iv) for the position of Independent Non-Executive Director, the Committee also evaluates the candidate's ability to discharge such responsibilities/functions as are expected from an Independent Non-Executive Director;
- c) To review at least once a year the required mix of skills and experiences of the Board, including the core competencies which Non-Executive Directors should bring to the Board, and the balance between Executive Directors, Non-Executive Directors and Independent Non-Executive Directors;



Statement of Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

NOMINATION COMMITTEE (CONT'D)

- d) The annual assessment of the Nomination Committee in relation to the effectiveness of the Board as a whole, Board Committees and contribution from each individual director which includes Independent Non-Executive Directors as well as the Chief Executive Officer;
- e) To ensure that the process carried out in evaluating and assessing members of the Board, including the Independent Non-Executive Directors and Chief Executive Officer are properly documented;
- f) To ensure that the Directors to retire in each year shall be those who have been longest in the Company since their last election. For persons who became Directors on the same date, those to retire shall (unless they otherwise agree among themselves) be determined by lot from among their number in accordance with Article No. 76 of the Articles of Association;
- g) To ensure that the responsibility of the Committee shall also cover the subsidiaries of the Company;
- h) Such other responsibilities as may be delegated by the Board from time to time.

The Nomination Committee meets as and when necessary and shall meet at least once a year. The Nomination Committee held one (1) meeting during the financial year ended 31 July 2015 with full attendance.

The Chairman of the Nomination Committee, Mr Yong Swee Lin has been designated as the Senior Independent Non-Executive Director identified by the Board pursuant to Recommendation 2.1 of the Code.

The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on being fit and proper, contribution, calibre and personality. The evaluation results and comments by all Directors are discussed at the Nomination Committee which then makes recommendations to the Board.

The Nomination Committee is satisfied with the size of the Company's Board and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board.

BOARD GENDER DIVERSITY / RECRUITMENT AND APPOINTMENT OF DIRECTORS

The Board acknowledges the benefits of board diversity, including age, gender and ethnic diversity, to the effective functioning of the Board. Nevertheless, when considering new appointments to the Board, the Nomination Committee and the Board will evaluate the suitability of candidates solely in meeting the needs of the Company based on a set of criteria / candidates' experience, competency, character, time commitment, integrity and potential contribution to the company with the primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives. Such evaluation criteria does not make age, gender or ethnicity of the proposed new director determining factors for appointment to the Board.

ANNUAL ASSESSMENT

The Board's performance is assessed annually by each of its members through self as well as peer assessments. The results of the performance evaluations are reviewed by the Nomination Committee and subsequently by the Board. Performance of the Board Committees is assessed by the Board annually.

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board had on 11 November 2015 undertaken an annual assessment on the independence of Yong Swee Lin and Mahbob Bin Abdullah who are seeking for re-election and re-appointment pursuant to Article No. 74 of the Articles of Association and Section 129(6) of the Companies Act, 1965 respectively, at the forthcoming Thirteenth Annual General Meeting.

REMUNERATION POLICIES AND PROCEDURES

The Remuneration Committee comprises two (2) Non-Executive Directors, all of whom are Independent Directors. The members of the Remuneration Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director



Statement of Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

REMUNERATION POLICIES AND PROCEDURES (CONT'D)

The duties of the Remuneration Committee are:-

- To review at least once a year and recommend to the Board the overall remuneration policy for Directors, Group Managing Director/ Group Chief Executive Officer and key senior management officers to ensure that rewards are commensurate with their contributions to the Company's growth and profitability; and that the remuneration policy supports the Company's objectives and shareholder value and is consistent with the Company's culture and strategy.
- To review at least once a year the performance of the Executive Directors and the Group Managing Director / Group Chief Executive Officer and to recommend to the Board specific adjustments in remuneration and/or reward payments if any to reflect their contributions for the year which are competitive and consistent with the Company's objectives, culture and strategy.
- To ensure that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.
- To include the determination of the remuneration packages of the key senior management officers in subsidiaries of the Company.

The remuneration of the Non-Executive Directors is generally fixed and any adjustment has to be approved by the shareholders during the Annual General Meeting.

The Remuneration Committee meets at least once a year. The Remuneration Committee held one (1) meeting during the financial year ended 31 July 2015 with full attendance.

The policy practiced by the Company provides remuneration packages that are commensurate with experience, roles and level of responsibilities. The quantum of each package should be adequate and comparable to public listed companies of similar size.

The aggregate remuneration of Directors received from the Company and subsidiary companies for the financial year ended 31 July 2015 is as follows:-

Category	Fees RM'000	Salaries RM'000	Bonuses and other emoluments RM'000	EPF & SOCSSO RM'000	Benefit- in-kind RM'000	Share Options Granted under ESOS RM'000	Total RM'000
Executive Directors	-	1,325	212	150	-	-	1,688
Non-Executive Directors	108	-	12	-	-	-	120

The Directors' remunerations are shown in the following bands:-

Remuneration Band	No of Directors	
	Executive Directors	Non-Executive Directors
Less than RM50,000	-	2
RM50,000 – RM100,000	-	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	2	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
More than RM400,001	2	-
Total	4	3



Statement of Corporate Governance (cont'd)

PRINCIPLE 3: REINFORCE INDEPENDENCE

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognizes the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. The Board, through the Nomination Committee conducts an annual assessment on the independence of the Company's Independent Directors. The assessment takes into consideration the Independent Directors' ability to exercise independent judgment and contribute effectively to the Board.

TENURE OF INDEPENDENT DIRECTORS

The Nomination Committee and Board are of the view that all three (3) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making actions of the Board and the Board Committees, and that no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented. The Board is satisfied with the level of independence and acknowledged the contribution by the respective Independent Directors that they had acted in the best interest of the Company.

The number of Independent Directors of the Company is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires a minimum one third (1/3) of the Board to be Independent.

SHAREHOLDERS' APPROVAL FOR THE RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS WHO SERVED MORE THAN NINE (9) YEARS

One of the recommendations of the Corporate Governance states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

Dr Zainol Bin Md Eusof has served on the Board for a cumulative term of more than nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Dr Zainol Bin Md Eusof, remains objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his services on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interests of the Company.

The Board has recommended Dr Zainol Bin Md Eusof's re-appointment as an Independent Non-Executive Chairman of the Company based on the following justifications, which will be tabled for shareholders' approval at the forthcoming Thirteenth Annual General Meeting of the Company:-

- a) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he will be able to function as a check and balance, bringing an element of objectivity to the Board;
- b) He has vast experience in a diverse range of businesses and therefore will be able to provide constructive opinion; he exercises independent judgement and has the ability to act in the best interest of the Company;
- c) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- d) He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Chairman of the Company and carried out his professional duties in the best interest of the Company and shareholders.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Group Managing Director are distinct and separate as each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman of the Company, Dr Zainol Bin Md Eusof, who is an Independent Non-Executive Director is primarily responsible for the orderly conduct and leadership of the Board, whilst the Group Managing Director, Tham Foo Keong, has the overall responsibility for the day to day running of business, organisational effectiveness, and implementation of Board policies and decisions. The Group Managing Director, by virtue of his position also functions as the intermediary between the Board and senior management, acts as the Group's official spokesperson, and is responsible for planning the future direction of the Group for the Board's consideration and approval.

The independent directors play a crucial supervisory function. Their presence is essential in providing unbiased and impartial views for the Board's deliberation and decision-making process. In addition, the non-executive directors ensure that relevant matters and issues are considered in taking the interest of all stakeholders in the Group.

The Board recognises the need to appoint a Senior Independent Non-Executive Director and as such, Yong Swee Lin has been appointed as the Senior Independent Non-Executive Director to facilitate effective communication with other stakeholders and shareholders.



Statement of Corporate Governance (cont'd)

PRINCIPLE 3: REINFORCE INDEPENDENCE (CONT'D)

COMPOSITION OF THE BOARD

The Nomination Committee reviews the composition of the Board annually and makes recommendations to the Board where necessary to ensure the Board comprises an appropriate mix of skills and experience.

The Board of the Company comprises seven (7) Directors, four (4) of whom are Executive Directors and the balance three (3) are Independent Non-Executive Directors, who fulfil the prescribed Listing Requirement that a minimum one-third (1/3) of the Board members be independent. The Board has reviewed its size and composition and is satisfied that its current size and composition are effective for the proper functioning of the Group. The profiles of each Director are set out in the Profile of the Board of Directors on pages 11 to 13 of this Annual Report.

In accordance with the Company's Articles of Association, all new Director(s), appointed to the Board, are subject to election at the next Annual General Meeting following their first appointment. In every year, at least one-third (1/3) of the Directors are subject to retirement by rotation at every Annual General Meeting. Each Director shall retire at least once every three (3) years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in the office since their last election or appointment. In addition, Directors of or over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

PRINCIPLE 4: FOSTER COMMITMENT

TIME COMMITMENT

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the financial year, four (4) Board Meetings were held. The attendance at Board Meetings of the Directors during the financial year under review is set out hereunder:-

Directors	Position	No. of Board Meetings attended	Percentage of Attendance (%)
Dr Zainol Bin Md Eusof	Independent Non-Executive Chairman	4/4	100
Tham Foo Keong	Group Managing Director	4/4	100
Tham Foo Choon	Deputy Group Managing Director	4/4	100
Dr Sivakumaran A/L Seenivasagam	Executive Director	4/4	100
Tham Kin Wai	Executive Director	4/4	100
Yong Swee Lin	Independent Non-Executive Director	4/4	100
Mahbob Bin Abdullah	Independent Non-Executive Director	4/4	100

Board Meetings follow a formal agenda and the Board has a schedule of matters specifically listed for its review and approval which ensures that the Board retains full and effective control over the Company.

The Board approves, inter alia, the preliminary announcements of interim and final results, all circulars and listing particulars, major capital expenditures, investment proposals; and reviews the overall system of internal controls.

NUMBER OF DIRECTORSHIPS IN PUBLIC LISTED COMPANIES

In compliance with Paragraph 15.06 of the Listing Requirements of Bursa Securities, each of the Directors of the Company holds not more than five (5) directorships in public listed companies.



Statement of Corporate Governance (cont'd)

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities. All directors have successfully attended the Mandatory Accreditation Programme prescribed by the Bursa Securities. Directors are encouraged to undergo continuous training programmes and seminars organized by the relevant regulatory authorities and professional bodies to keep abreast with the current development in the business environment as well as, to further enhance their business acumen, and professionalism in discharging their duties to the Company effectively.

Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors also visit operation centres to have an insight into the Group's various operations to assist in making effective decisions for the Group.

During the financial year ended 31 July 2015, the Directors have attended trainings, conferences, seminars, site visits and/or workshops as listed below:-

Directors	Training/Seminar/Conference	Date
Dr Zainol Bin Md Eusof	1. Invitation to Roundtable on Financial Reporting	7 August 2014
	2. Education Seminar : Overview of ESG Index and Industry Classification Benchmark	20 August 2014
	3. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
	4. Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	14 October 2014
	5. Board Chairman Series: The Role of the Chairman	12 November 2014
Tham Foo Keong	1. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
	2. Cranfield Award in Business and Leadership	17 – 22 May 2015
Tham Foo Choon	1. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
Dr Sivakumaran A/L Seenivasagam	1. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
Tham Kin Wai	1. National Human Resource Centre (NHRC): Managing Medical Leave and Absenteeism	9 September 2014
	2. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
	3. Malaysian Legal and Regulation Programme	27 – 28 October 2014
	4. GST In-House Training "Impact of Goods and Services Tax (GST) on Businesses" (Phase 1)	1 December 2014
	5. GST In-House Training "Impact of Goods and Services Tax (GST) on Businesses" (Phase 2) Day 1	19 December 2014
	6. GST In-House Training "Impact of Goods and Services Tax (GST) on Businesses" (Phase 2) Day 2	6 January 2015
	7. Entrepreneurship Master Class "Weathering the Storms"	20 – 21 January 2015
	8. ChemOrbis Asia 6th Petrochemicals Conference	10 June 2015
	9. First Aid & CPR Training	6 July 2015
Yong Swee Lin	1. Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	14 October 2014
	2. Goods & Services Tax (GST) – A Preparatory Course for GST Consultants and Accountants	14 – 16 November 2014
	3. Goods & Services Tax (GST) – A Preparatory Course for GST Consultants and Accountants (Session 2)	21 – 23 November 2014
Mahbob Bin Abdullah	1. Directors Breakfast Series: Great Companies Deserve Great Boards	10 October 2014
	2. Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	14 October 2014
	3. Price Outlook Conference	2 – 5 March 2015



Statement of Corporate Governance (cont'd)

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME (CONT'D)

The Board is also briefed by the Company Secretary at Board Meetings of any significant changes in laws and regulations that are relevant. The Directors continue to undergo other relevant training programs that can further enhance their knowledge in the latest development relevant to the Group, especially in areas of corporate governance and regulatory development, to carry out their responsibilities effectively. In addition, all Directors were also constantly updated by the Company Secretaries and other professionals on changes to the relevant guidelines on regulatory and statutory requirements.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board is committed to providing a balanced, clear and comprehensive financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements to Bursa Securities on quarterly results, financial statements and annual report reflects the Board's commitment to provide transparent and up-to-date disclosures to the public. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting.

Prior to the presentation of the Company's Financial Statements to the Board for approval and issuance to stakeholders, Audit Committee meetings were conducted to review the integrity and comprehensiveness of the Company's Financial Statements in the presence of external auditors and the Group and Company's Financial Controller.

The Board will obtain assurance from the Audit Committee to ensure that the preparation and fair presentation and disclosure in the financial statements are in accordance with applicable Malaysian Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Group through the Audit Committee, maintains an active, transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Whenever deemed necessary, the Audit Committee will meet the External Auditors at least twice a year without the presence of the Executive Directors and/or the Management of the Company to discuss its audit plan, annual financial statements and their audit findings. This encourages a greater exchange of free and honest views and opinion between both parties.

During the financial year under review, the Audit Committee held two (2) meetings with the External Auditors without the presence of the Executive Directors to deliberate on the comments and views of the External Auditors.

The composition, terms of reference and functions of the Audit Committee are discussed in the Audit Committee Report set out on pages 34 to 38 of this Annual Report.

The total fees paid to the External Auditors for the financial year ended 31 July 2015 are as follows:-

1) Audit Fees

The total audit fees (including both statutory and non-statutory audits) charged by the External Auditors, exclusive of expenses and applicable taxes, amounted to RM147,304 for the financial year ended 31 July 2015.

2) Non-Audit Fees

The total non-audit fees charged by the External Auditors for other services performed, exclusive of expenses and applicable taxes, amounted to RM16,000 for the financial year ended 31 July 2015.

A report on the Audit Committee which includes the Audit Committee's role in relation to the External Auditors is set out on pages 34 to 38 of this Annual Report.



Statement of Corporate Governance (cont'd)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS (CONT'D)

At the 11 November 2015 Audit Committee meeting, the Audit Committee reviewed a letter from a substantial shareholder of the Company providing notice of intention to nominate Messrs SJ Grant Thornton ("Grant Thornton") as auditors of the Company in place of the retiring auditors, Messrs KPMG. The Audit Committee reviewed the appointment of Grant Thornton based on the following key criteria:

- a) the experience and resources of the accounting firm;
- b) the persons assigned to the audit;
- c) the accounting firm's audit engagements;
- d) the size and complexity of the listed issuer's group being audited;
- e) the number and experience of supervisory and professional staff assigned to the particular audit; and
- f) other relevant information.

Based on the above, the Audit Committee was satisfied with the suitability and independence of Grant Thornton and subsequently provided an onward recommendation to the Board to approve the tabling of Grant Thornton's appointment for approval by shareholders at the upcoming Thirteenth Annual General Meeting.

The Board after having reviewed the proposed appointment of Grant Thornton, concurred with the recommendation made by the Audit Committee and recommended the appointment of Grant Thornton as Auditors in place of the retiring auditors, Messrs KPMG to the shareholders for approval at the forthcoming Thirteenth Annual General Meeting.

PRINCIPLE 6: RECOGNISE AND MANAGE RISK

SOUND FRAMEWORK TO MANAGE RISK

The Board of Directors acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investment as well as the Group's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, internal auditors and External Auditors, to safeguard the Group's assets.

INTERNAL AUDIT FUNCTION

The Board and Audit Committees have appointed Baker Tilly Monteiro Heng Governance Sdn Bhd, for the establishment of an independent internal audit function which is in compliance with the Listing Requirements or Bursa Securities.

The Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities is set out on pages 32 to 33 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE POLICY

The Board recognises the importance of accurate and timely dissemination of information to shareholders about the Group's financial performance and other matters affecting the shareholders' interest. This is achieved through accurate and timely disclosures and announcements to Bursa Securities including the quarterly financial results, annual reports, circulars, and other general meetings.

The Board ensures that confidential information is handled properly to avoid leakage and improper use. In line with the best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities.

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities. These information are also electronically published at the Bursa Securities website at www.bursamalaysia.com and the Group's website at www.greenyield.com.my.



Statement of Corporate Governance (cont'd)

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION (CONT'D)

These information includes:-

- a) Quarterly Announcement;
- b) Annual Reports;
- c) Circular to Shareholders; and
- d) Other Important Announcements.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

ENCOURAGE SHAREHOLDER'S PARTICIPATION AT GENERAL MEETINGS

The Board regards that Annual General Meetings ("AGMs") and Extraordinary General Meetings ("EGMs") are the primary forum for communication by the Company with its shareholders and for shareholders participation.

Prior to AGMs and EGMs, shareholders will be provided with the notices of meetings and accompanying explanatory material such as notes, Annual Report and/or Circular to enable shareholders to exercise their rights. Notices of AGMs and EGMs will be issued in accordance with the provisions of the Companies Act, 1965 and the Listing Requirements. The Board endeavors to serve earlier notice than the minimum notice period where practicable. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate in the general meeting. Shareholders, who are unable to attend an AGM or EGM, are encouraged to appoint proxy or proxies to attend and vote at meetings for and on their behalf.

Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

ENCOURAGE POLL VOTING

Shareholders will be informed of their right to demand a poll vote at the commencement of the meeting. In line with the recommendation of the Code, the Board would encourage and facilitate poll voting at general meetings in the case of substantive resolutions which require shareholders approval.

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS WITH SHAREHOLDERS

The annual reports and quarterly announcements remain the principal forms of communication, providing shareholders and investors with an overview of the Group's activities and performance. The AGMs and EGMs also serve as principal forums for dialogue and avenues for direct interaction between the Board of Directors and shareholders or investors. In addition, the Group maintains a query form on its website (www.greenfield.com.my) where stakeholders can post questions which concern investor relations.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards and give a true and fair view of the financial positions of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 July 2015, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- ensured that applicable accounting standards have been followed;
- made judgments and estimates that are reasonable and prudent;
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

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