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Corporate Governance Statement

The Board of Directors acknowledges the need to be committed to maintaining high standards of corporate governance and strives to continually improve on Tanjong's governance processes and structures as articulated in the Principles and Best Practices promulgated in the Malaysian Code of Corporate Governance ("the Code").

Compliance with the Code

Tanjong has complied with the Code throughout the financial year under review. In preparing this Statement, the Board has considered the manner in which Tanjong has applied the various principles of the Code and complied with the Best Practices stated therein.

DIRECTORS

Board Composition and Balance

The Board has seven members, comprising four Non-Executive Directors, three of whom are independent. The composition of the Board reflects a balance of Executive and Non-Executive Directors with a mix of legal, financial, technical and business experiences that has been vital to the successful direction of the Group. The biographies of these Directors (see pages 6-10) demonstrate the necessary depth to bring experience and judgement to bear on issues of strategy, performance, resources and ethical standards.

The Independent Non-Executive Directors fulfill an independent, pivotal role in corporate accountability, hence their membership of the Audit, Remuneration and Nominating Committees, the details of meetings and activities of which are disclosed below. None of these Directors participate in the day-to-day management of the Group. David Kuok, being the Senior Independent Director has been appointed as the Director to whom all concerns may be conveyed.

There is a clear segregation of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority.

A Statement by the Directors of their responsibilities for preparing the financial statements is included in page 57.

Board Meetings

The Board meets quarterly and also on other occasions to inter-alia, approve Quarterly Reports and the Annual Report. Due notice is given for all scheduled meetings and additional meetings are convened for urgent and important matters. Six Board meetings were held during the financial year.

The Board has in place a Schedule of Matters Reserved specifically for its decisions. These include the approval of the Strategic Plan, Business Plans, key financial and operating policies, significant capital or operating expenditure, acquisitions or disposals of investments and all major corporate proposals and announcements.

Supply of Information

The Board has unrestricted access to information required to enable it to discharge its duties. Regular and ad-hoc reports are provided to all Directors to ensure that they are apprised on key financial, operational, legal, regulatory, corporate, social responsibility and strategic matters on a timely manner. The Directors have access to the Group Internal Audit Manager and the Company Secretary. They may also take independent professional advice at the Group's expense, in furtherance of their duties.

Board Appointments and Re-election

Nominating Committee

Board appointments are effected through the Nominating Committee, which is responsible for making recommendations to the Board on all new Board and Board Committee appointments. A procedure and process towards an annual assessment of the effectiveness of the Board as a whole and the contribution of each individual Director and Board Committee member has been

Corporate Governance Statement (cont'd)

established. It has reviewed the required mix of skills and experience of the Directors, in determining the appropriate Board balance and size of non-executive participation. The Board has concurred with the views of the Committee that the inclusion of Datuk Khoo Eng Choo as an Independent Director, will further enhance the mix and composition of the Board.

Directors' Training

All new directors undergo an orientation programme to enable them to contribute effectively from the outset of their appointment. All Directors have attended the mandatory accreditation programme prescribed by the Kuala Lumpur Stock Exchange. In addition, forums and programmes are identified for the continuing enhancement of their knowledge particularly pertaining to legal and regulatory developments.

Re-election

All Directors, except for the Director holding the position of Chief Executive Officer, offer themselves,

on a rotation basis, for re-election by shareholders at the Annual General Meeting. The Articles of Association of the Company will be amended to provide for all Directors to submit themselves for re-election at least once every 3 years.

**DIRECTORS' REMUNERATION
Remuneration Committee**

The Committee has established a policy framework and is responsible for re-assessing all elements of the remuneration and other terms of employment for Executive Directors, drawing from external advice as necessary. The Remuneration Committee recommends the annual bonus and salary increments of the Executive Directors as well as the benefits in kind to be provided. Executive Directors abstain from the deliberations and voting on decisions in respect of their remuneration at Board level. The remuneration of the Non-Executive Directors is a matter that is decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

Attendance at Board and Committee meetings						
	Number of meetings held and attended to 31 January 2002					
	Board	Audit Committee	Remuneration Committee	Nominating Committee	ESOS Committee	Investment Committee**
Executive						
Khoo Teik Chooi, Chairman	6					
Tan Poh Ching	6				4	
Augustus Ralph Marshall	6				2	
Non-Executive						
David Kuok *	6	6	3	3		
Leong Wai Hoong *	6	6	3	3		
Ooi Boon Leong	6	6	3	3	4	
Datuk Khoo Eng Choo * #						
Total no. of meetings	6	6	3	3	4	
Chairman of the Committee		David Kuok	Ooi Boon Leong	David Kuok	Tan Poh Ching	Datuk Khoo Eng Choo

* Independent Director

** Investment Committee was formed after the financial year end

Datuk Khoo was appointed as a Board member on 31 January 2002 and was co-opted into the Audit, Remuneration, Nominating and Investment Committees on 12 March 2002

Corporate Governance Statement (cont'd)

Level and composition of remuneration package

The Board believes that remuneration levels should be sufficient to attract and retain the Directors needed to run the Group successfully. The component parts are designed to link rewards to individual and corporate performance in the case of Executive Directors. For Non-Executive Directors, the fee levels are intended to be commensurate with the experience and level of responsibilities of the particular Non-Executive Director concerned.

The remuneration package of Executive Directors includes:

- Basic salary (inclusive of employer's statutory contributions to the Employees Provident Fund) for each Executive Director, taking into account the performance of the individuals and salary levels of Executive Directors of comparable organisations.
- Bonus scheme which is based on the Group's performance and the contribution of individual Directors. All bonuses payable are reviewed by the Remuneration Committee and approved by the Board.
- Benefits in kind such as company car, medical and insurance coverage, leave passage, housing allowance, social club memberships and the Employees' Share Option Scheme referred to in the Report of the Directors.
- Gratuities for services and contribution to the Group.

The notice period for the termination of Executive Directors' service contracts by either party is six months.

The remuneration of the various Directors for the year ended 31 January 2002 can be summarised as follows:

	<u>Number</u>
Executive Directors	
RM1,000,001 – RM1,050,000	1
RM950,001 – RM1,000,000	1
RM850,001 – RM900,000	1
Non-Executive Directors	
RM100,001 – RM150,000	1
RM50,001 – RM100,000	2

Further details on Directors' remuneration are provided in pages 72 and 73 of the Annual Report.

Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee administers the implementation of the Tanjong ESOS No. 2 in accordance with the approved bye-laws. The Committee determines all matters of policy that may arise in the effective administration of the scheme and establishes, amends or revokes any guidelines relating to the scheme. The Committee also appraises the Board on all principal matters relating to the scheme and meets on a quarterly basis and other times as required.

Investment Committee

The Board of Directors reconstituted the Investment Committee in March 2002 to formulate and implement investment policies and strategies to enable the Group to optimise its return from investments. The Committee is principally responsible for overseeing the management of the Group's liquid assets and assisting the Board in evaluating the viability of new strategic investments and the performance of existing strategic investments.

Corporate Governance Statement (cont'd)

SHAREHOLDERS

Dialogue between the Company and its Investors

The Board recognises the need for clear, effective communications with the Company's institutional investors and other shareholders. Information on the Group's business activities and financial performance is disseminated through press releases, Quarterly Reports and the Annual Report. In addition, the Company maintains dialogues with its shareholders as and when required.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with all shareholders who are given sufficient opportunity to enquire about Tanjong's activities and prospects as well as communicate their expectations and concerns. All Board members, Senior Management and the Group's External Auditors are available to respond to shareholders questions during the AGM.

Any item of special business included in the Notice of the AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are prepared for different transactions and the Chairman declares the outcome of the votes cast for and against each resolution.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors aims to convey a balanced and understandable assessment of the Group's position and prospects in presenting the Quarterly Reports, Annual Report and other financial reports to the Company's shareholders and its regulators.

Internal Controls

The Internal Control Statement for the Group is set out in page 49.

Relationship with the Auditors

The role of the Audit Committee in relation to the External Auditors is set out in pages 46 to 48.