

Corporate Governance Statement

The Board of Directors (the "Board") is committed to maintaining high standards of corporate governance and has adopted and applied the Principles and Best Practices contained in the Malaysian Code of Corporate Governance ("Malaysian Code"). As the Company has a listing on the London Stock Exchange plc, the Board has also adhered to the Principles and Best Practices recommended in the UK Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 and amended in June 2006 ("UK Combined Code") where applicable to the circumstances of the Company.

Compliance with the Malaysian Code

This Statement is prepared pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Securities.

In preparing this Statement, the Board has considered the manner in which Tanjong has applied the various Principles of the Malaysian Code and complied with the Best Practices stated therein.

The Directors consider that Tanjong has complied with the provisions of the Malaysian Code as set out in Parts 1 and 2 therein, throughout the financial year under review.

DIRECTORS

The Role of the Board of Directors

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The Board had in 1999 adopted the following six responsibilities as required under the Malaysian Code: -

1. Reviewing and adopting the strategic plan for the Company.
2. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
3. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
4. Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
5. Developing and implementing an investor relations programme or shareholder communications policy for the Company.
6. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enable risks to be assessed and managed. It sets the Group's strategic direction, business policies and objectives. It further ensures that the necessary financial and human resources as well as standards of corporate governance are in place for the Group to meet its objectives and reviews management performance. In discharging its responsibilities, the Board had during the year, reviewed with Senior Management the vision, the strategic plan and 5-year development targets of the Group and the various business segments. The Board also establishes the Group's values and standards in the conduct of the organisation and its employees and ensures that its obligations to its shareholders and other stakeholders are understood and met.

Management ensures effective systems, controls and resources are in place to execute the policies set and decisions taken by the Board, to run the operations of the organisation, to monitor and manage performance and risks and to ensure the integrity of reports.

Board Composition and Balance

During the financial year under review, the Board had five members with 3 Independent Directors (including the Chairman), 1 Non-Executive Director and 1 Executive Director, which fulfilled the requirement for one third of the Board to be independent. Following a review in November 2008, the Board also considers that the current composition of the Board reflects a fair mix of financial, technical and business experiences that are vital to its successful stewardship of the Group. The composition of the Board during the year under review had also fairly and appropriately represented the ownership structure of the Company with a significant representation of minority interest through the Independent Directors. The role and responsibilities of the Chairman have been

Corporate Governance Statement (continued)

formally communicated to him. There is a clear distinction between the role of the Chairman and that of the Executive Director. The Chairman provides effective leadership to the Board and sets the agenda for the Board while the Executive Director provides stewardship to Management to enhance its overall contribution to the Group. Details of the Shareholding Structure, including the Major Shareholders and Directors Shareholdings are set out on pages 131 to 135 of the Annual Report. The biographies of the present Directors (please refer to pages 5 and 6) demonstrate the necessary depth further to which they are able to bring experience and judgement to bear on issues of strategy, performance, resources and ethical standards affecting the Group.

The Independent Directors fulfill an independent, pivotal role in corporate accountability, hence their membership in the Audit, Remuneration and Nominating Committees. The details of meetings and activities of these Committees are disclosed below. None of these Directors participate in the day-to-day management of the Group. Independent Directors are required to affirm their independence at least twice a year, in accordance with the definition and guidance issued under the Listing Requirements of Bursa Securities and there has been no change in their independent status.

Directors also observe and adhere to the restriction on directorships in public listed and other companies prescribed under the Listing Requirements of Bursa Securities.

Board Meetings

The Board meets quarterly and also on other occasions to inter-alia, approve the Quarterly Reports, the Annual Report, the Business Plan and to review the progress of the operating subsidiaries in achieving their strategic goals. Meetings for the year are scheduled early in the year. Board meeting agenda is sanctioned by the Chairman prior to issuance. Due notice is given for all scheduled meetings and additional meetings are convened on an ad-hoc basis for urgent and important matters. Eight Board meetings were held during the financial year. Where appropriate, decisions are taken by way of circular resolutions in between scheduled meetings.

The Board has in place a Schedule of Matters reserved specifically for its decisions. The matters reserved for the Board include the approval of the annual Group Budget, Strategic Plan, Business Plans, annual and quarterly financial results, key financial and operating policies, significant capital or operating expenditures, acquisitions or disposals of investments, all major corporate proposals, related party transactions and announcements on significant matters. It also oversees controls and risk management, operating and financial management and succession planning. Relevant Management personnel are invited to Board meetings to report and apprise the Board on performance, operations and other developments within their respective purview. The Board also delegates matters to the Executive Director and the appropriate Management personnel within the Group. A comprehensive Manual on Limits of Authority for the Group approved by the Board defines the levels of authority delegated to Management.

Directors are fully apprised of the need to determine and disclose transactions or matters which come before the Board which may give rise to a potential or actual conflict. They formally disclose any conflict situations or interests in such transactions or matters as and when they arise and in accordance with the laws and regulations pursuant to an established process. In respect of transactions which are deemed related in which Directors have direct or indirect interests or conflicts, Directors abstain from deliberations and voting at Board meetings.

Supply of Information

The Board members have unrestricted access to information required to enable them to discharge their duties. Regular and ad-hoc reports are provided to all Directors to ensure that they are apprised on key strategic, financial, operational, legal, regulatory, corporate and social responsibility matters in a timely manner and to enable them to make meaningful and effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each Board and Board Committee meeting as well as for matters arising from such meetings. The Company Secretary assists in the management of this process. Actions on all matters arising from any meeting are reported at the following meeting. The Directors have access to the Head of Group Corporate Assurance and the Company Secretary. The Company Secretary advises the Board members on their duties and obligations, the appropriate requirements, disclosures and procedures to be complied with in relation thereto including the management of their meetings. The Company Secretary also advises both the Directors and Senior Management on the statutory, regulatory and corporate developments, the implementation of corporate governance measures and compliance applicable to the Group in the jurisdictions within which it operates. The Directors may take independent professional advice at the Group's expense, in furtherance of their duties. An approved procedure governing this has been communicated to all Directors.

Corporate Governance Statement (continued)

Re-election of Directors

All Directors are required to offer themselves, on a rotation basis, for re-election by shareholders at the annual general meetings. In addition, the Articles of Association of the Company require all Directors to submit themselves for re-election at least once every 3 years, to offer shareholders an opportunity to consider whether to renew their mandate.

Board Committees

The Board recognises that it would be more effective to delegate the detailed responsibilities in achieving certain of its fiduciary duties to Board Committees. To this end, it has in place the following Committees, each of which is governed by its own remit:

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 based on a formalised transparent procedure to ensure appointees have the appropriate balance of experience, abilities and skills. A procedure and process towards an annual assessment of the effectiveness of the Board as a whole and the contribution and performance of each individual Director and Board Committee member was reviewed and enhanced during the financial year 2008. Assessments are documented. The Chairman assumes overall responsibility for the assessment process. Assessments in respect of the year ended 31 January 2009 of the individual Directors, the Board Committees including the Audit Committee and the Board as a whole, the findings of which were reported by the Chairman and discussed with the Directors, have been concluded. During the year, the Board played a key role in identifying and filling key positions within the Group.

The Committee had also reviewed the composition, the mix of skills, experience and competencies of the Directors during the year and concluded that the composition was adequate to support the current needs of the Group. Any Board expansion would be in conjunction with the Group's expansion needs. The Committee met twice during the year.

The terms of appointment of the Non-Executive Directors were revised in accordance with the recommendations of the Higgs Report issued in January 2003, which forms part of the UK Combined Code.

Audit Committee

The composition, terms of reference and a summary of the activities of the Audit Committee are set out separately in the Audit Committee Report. The composition of the Audit Committee was revised during the year to be in line with the amended provisions of the Listing Requirements of Bursa Securities. The Committee now comprises wholly of Non-Executive Directors, the majority of whom are Independent Directors. In this regard, Mr. Khoo Teik Chooi replaced Mr. Ralph Marshall in the Committee. Mr. Ralph Marshall is however invited to attend the Audit Committee meetings in view of his vast business knowledge and his intimate understanding of the Group's business.

Remuneration Committee

The report of the Remuneration Committee and its activities is included in a separate Directors' Remuneration Report ("DRR") that has been prepared in accordance with Schedule 7A to the Companies Act 1985 of Great Britain. The DRR outlines important information on policy, service contracts, remuneration package, performance benchmarks and other detailed information relating to the remuneration of the Directors of Tanjong.

Corporate Governance Statement (continued)

Attendance at Board and Board Committee Meetings

Details of the attendance of the Directors at the Board and Board Committees' meetings during the financial year are tabulated below: -

Attendance at Board and Board Committees meetings				
Number of meetings attended/held between 1 February 2008 and 31 January 2009				
	Board	Audit Committee	Remuneration Committee	Nominating Committee
Total no. of meetings held	8	7	2	2
Non-Executive				
Dato' Robert Cheim	8/8	*	*	2/2
Leong Wai Hoong	8/8	7/7	2/2	2/2
Dato' Larry Gan	8/8	7/7	2/2	*
Khoo Teik Chooi	8/8	7/7 ^(a)	*	2/2
Executive				
Augustus Ralph Marshall	8/8	^(b)	2/2	*

^(a) Appointed as a member of the Audit Committee with effect from 29 February 2008.

^(b) Ceased as a member of the Audit Committee with effect from 29 February 2008.

* Not applicable

Directors' Training

All new Directors are required to undergo an orientation programme to provide them with the necessary information to enable them to contribute effectively from the outset of their appointment. The programme prescribes internal briefings on the Group's operations and financial performance, organised site visits to the Group's power plants and project sites. Directors evaluate their training needs on a continuous basis, by determining areas that would best strengthen and keep relevant their contributions to the Board. All Directors have attended the Mandatory Accreditation Programme prescribed by the Bursa Securities.

During the financial year under review, the Directors have attended and participated in various programmes and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The programmes and forums attended by them individually or collectively included areas of leadership, risk management and corporate governance. Directors' education includes briefings by advisers on project evaluation in relation to bids for new businesses or new acquisitions by the Group at Board meetings and updates to the Board and Board Committees on new developments in laws, regulations and directors' duties and obligations.

The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance in respect of externally conducted programmes and maintains the details of all training programmes attended by the Directors.

Corporate Governance Statement (continued)

SHAREHOLDERS

Communications 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, press conferences, announcements of quarterly results, the Annual Report and at the general meetings. In addition, the Company maintains dialogues with its institutional shareholders and analysts, as and when required, to supplement its communications initiatives subject to its Corporate Disclosure Policy. Shareholders are given an opportunity to consider and raise questions related to the financial statements and Directors' Report, the Directors' Remuneration Report, the election of Directors, the final dividends, the election of External Auditors and other matters tabled for consideration at general meetings, and to vote upon the same. Notices of Annual General Meetings and Forms of Proxy thereto carry sufficient information and guidance on the appointment of proxies and completion of such forms. Tanjong maintains a website at www.tanjongplc.com which provides pertinent and updated information on the corporate and business aspects of the Group. Tanjong has also sought the consent of its shareholders to receive shareholder communication, including the Annual Report by way of electronic means.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders which also offers the Company an opportunity to explain the financial performance and operations of the Company. Shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns at this forum. 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 an explanation of the effects of a proposed resolution. Separate resolutions are tabled for different transactions and the Chairman declares the outcome of the resolutions voted upon.

Other Channels of Communication

Apart from the AGM, the Board encourages other channels of communication with investors. For this purpose, investors may direct their queries to:

Mr. Jason Teh Poh Leng, Group Investor Relations

Address : Level 30, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel No. : +603 2381 1125
Fax No. : +603 2381 3322
E-mail Address : ir@tanjongplc.com

Shareholder related queries can be referred to the Company's Share Registrars both in Malaysia and in the United Kingdom, the contact details of whom are set out in the Corporate Information section of this Annual Report and to the Company Secretary at tel no. +603 2381 3002 or fax no. +603 2381 3322. The Board also recognises that there could be instances where shareholders and investors may prefer to express their concerns to an Independent Director other than the Chairman. For this purpose, the Board has identified Mr. Leong Wai Hoong as the Senior Independent Director to whom such concerns can be conveyed should shareholders and investors require an alternative point of contact to the Chairman. Mr. Leong can be contacted by e-mail at whleong@tanjongplc.com or through the postal and fax references stated above.

Corporate Governance Statement (continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's position and prospects in presenting the Quarterly Reports, Annual Reports and other financial reports to the Company's shareholders and its regulators. The Annual Report incorporates the disclosure requirements outlined in International Financial Reporting Standards as endorsed by the European Union.

A Statement by the Directors of their responsibilities for preparing the financial statements is incorporated within the Report of the Directors.

Internal Controls

The Board has conducted a review of the effectiveness of the Group's System of Internal Control. The scope and results of the review are detailed in the Internal Control Statement for the Group incorporated in the Annual Report.

Relationship with the Auditors

External Auditors

The Group maintains a professional and transparent relationship with its External Auditors which comprise representatives from the Malaysian and United Kingdom firms of PricewaterhouseCoopers. In addition to attending two Audit Committee meetings held in the presence of key management, in conjunction with the review of the 2nd and 4th Quarters and full year preliminary results of the Group, the External Auditors have also attended two other meetings with the Audit Committee members in the absence of management. Disclosure of the engagement of the External Auditors in the provision of non-audit related services which are tabled at the quarterly Audit Committee meetings for review, in accordance with a formalised framework to monitor such engagements, is set out on page 92.

Group Corporate Assurance

The Head of Group Corporate Assurance attends all Audit Committee meetings and the Group Corporate Assurance Charter stipulates that he has a functional reporting responsibility to the Audit Committee Chairman.

Other facets of the relationship between the External Auditors and the Audit Committee are elaborated in the Audit Committee Report.