

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) recognises that good corporate governance is of paramount importance in ensuring that the Company is managed in the best interest of all shareholders and stakeholders ranging from but not limited to regulators, lenders, creditors, customers, suppliers, employees and communities.

The Board also ensures that there are appropriate systems, processes and procedures in place for the management to manage the Group’s businesses and significant risks. Thus, the enhancement of shareholders’ value, the determination of strategic direction and the formulation of Company policies are premised along the corporate governance principles of accountability, transparency and integrity.

The Board is pleased to report to shareholders on the manner in which the Group has applied the principles of corporate governance in all the Company’s procedures and business processes and the extent of compliance with the corporate governance best practices advocated by the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) in achieving optimal corporate governance framework.

BOARD OF DIRECTORS

Board Responsibility

The Board retains full and effective control over the entire affairs of the Group. This includes responsibility to create value for shareholders, to approve the Group’s overall strategic direction and objective so as to ensure effective and efficient conduct of business activities of the Group and to identify principal risks and ensure the implementation of appropriate systems to manage such risks. The Group Limits of Authority clearly defines matters reserved for Board’s approval. Key matters such as approval of annual and interim financial results, material acquisitions and disposals, material agreements, major capital expenditures, budgets and business plans are reserved for the Board. All Directors are equally accountable for proper stewardship of the Company’s business activities and affairs.

During the financial year under review, the Board has implemented a process which was carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. This process will be carried out annually.

The Board delegates certain responsibilities to three (3) committees, all of which operate within defined terms of reference.

Board Composition and Balance

The Board currently has five (5) members, comprising two (2) Executive Directors of whom one (1) is the Managing Director (“MD”) and one (1) is the Chief Executive Officer (“CEO”) and three (3) are Independent Non-Executive Directors. The Company has met the criteria on Independent Directors as set out in the Main Market Listing Requirements of Bursa Malaysia (“Listing Requirements”).

The current composition reflects a balance of Executive and Non-Executive Directors with a mix of suitable, qualified and experienced professionals in the fields of accountancy, engineering, finance, business and marketing. This combination of different professions and skills working together enables the Board to effectively lead and control the Company.

The Group practices a division of responsibility between the Chairman, the MD and the CEO to ensure a balance of power and authority, such that there is no excessive concentration of power in one position. The Chairman is primarily responsible in ensuring the effectiveness and the conduct of the Board in carrying out its duties and responsibilities. The Chairman encourages active participation by Board members and ensures reasonable time for discussion of issues raised at meetings. Decisions reached at meetings normally reflect the consensus of the whole Board and not views of any individual or group. The MD is responsible for implementing the policies and strategies adopted by the Board whilst the CEO is responsible for overseeing the day-to-day management of the Group.

BOARD OF DIRECTORS (CONT'D)

Board Composition and Balance (cont'd)

The Independent Non-Executive Directors play a pivotal role in corporate accountability, as they are independent from the Management and free from any business or other relationship(s) that could materially interfere with the exercise of their independent and unbiased judgment, views and advice to the decision making of the Board to safeguard the interests of the minority shareholders.

A brief profile of each Director is presented on pages 16 and 17 of this Annual Report.

Board Meetings

The Board held five (5) meetings in 2010, of which four (4) were scheduled meetings. Additional meetings will be convened as and when urgent and important decisions are required to be made. The attendance of the individual Directors at the Board meetings is recorded in the Directors' Profile on pages 16 and 17.

Access to Information and Advice

Prior to Board meetings, the Directors are provided with the notice of meeting, agenda and Board papers containing proposals and information relevant to the business agenda of the meeting. This enables Directors to make fully informed decisions at Board meetings.

All deliberations and conclusions of the Board meetings are duly recorded and minutes are kept by the Company Secretary.

The Directors have full and unrestricted access to any information pertaining to the Company. In addition, all Directors have direct access to the advice and services of senior management and the Company Secretary. Whenever the need arises, the Board may seek external independent professional advice, at the Company's expense.

Appointment to the Board

The Directors shall have the power to appoint its members from time to time in accordance with the Articles of Association of the Company. New appointees will be considered and evaluated by the Nomination Committee, which will then recommend the candidates for Board's consideration. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous.

Directors' Training

Directors are regularly updated on the Group's businesses and competitive and regulatory environment in which they operate. All Board members except for Dato' Ab Hamid who was appointed to the Board on 21 April 2011, have successfully completed the Mandatory Accreditation Programme ("MAP") and attended various training programmes under the Continuing Education Programme ("CEP") pursuant to the Listing Requirements. Dato' Ab Hamid will be attending the MAP within 3 months from his appointment date. Following the repeal of the CEP requirements prescribed by Bursa Malaysia with effect from 1 January 2005, the Board continues to evaluate and determine the training needs of its Directors to assist them in their discharge of duties as Directors. During the year, the Company had organised training on "Scorecard Performance Management & Key Result Areas" that was attended by all the Directors and senior management of the Group to further enhance their skills and knowledge.

Re-election of Directors

The Company's Articles of Association provides that at least one-third of the Board shall retire by rotation at each annual general meeting ("AGM"). Each Director (including the MD) shall retire at least once every three (3) years and shall be eligible for re-election. Newly appointed Directors are required to hold office only until the next AGM and be subject to re-election.

BOARD OF DIRECTORS (CONT'D)

Directors' Remuneration

The details of the remuneration of Directors for the year ended 31 December 2010 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	71,000	90,000
Salaries and bonuses	513,000	-
Employees Provident Fund	40,000	-
Benefits-in-kind	58,000	-
Total	682,000	90,000

The number of Directors of the Company whose total remuneration falls within the following bands are set out hereunder:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	1	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	-	-
250,001 – 300,000	1	-
300,001 – 350,000	-	-
350,001 – 400,000	1	-
400,001 – 450,000	-	-
450,001 – 500,000	-	-
Total	3	3

BOARD COMMITTEES

Audit Committee

The composition, terms of reference and summary of activities of the Audit Committee during the financial year are set out on pages 29 to 33 of the Annual Report.

Nomination Committee (“NC”)

The NC comprises exclusively Independent Non-Executive Directors. The members of the NC as of 31 December 2010 are:-

Dato' Abu Bakar Bin Abdul Hamid	- Chairman / Independent Non-Executive Director
Makhtar Bin Mohamed (appointed on 25 August 2010)	- Member / Independent Non-Executive Director
Ir Hon Hin See (resigned on 21 January 2011)	- Member / Independent Non-Executive Director

The NC is responsible for reviewing the Board's structure, size and composition. It assesses the effectiveness of the Board as a whole and the contribution of each individual Director on an annual basis.

The NC is responsible for identifying and making recommendations for any appointments and re-election of Board members. It also reviews the profiles of the required skills, expertise, attributes and other qualities, including core competencies for membership to the Board and Board Committees. Meetings of the NC are held as and when necessary. The NC met once during the year under review and all the members registered full attendance.

BOARD COMMITTEES (CONT'D)

Remuneration Committee ("RC")

The RC comprises mainly Non-Executive Directors and the members of the RC as of 31 December 2010 are:-

Dato' Abu Bakar Bin Abdul Hamid	- Chairman / Independent Non-Executive Director
Loganathan a/l K. Ramanujam	- Member / MD
Makhtar Bin Mohamed (appointed on 25 August 2010)	- Member / Independent Non-Executive Director
Ir Hon Hin See (resigned on 21 January 2011)	- Member / Independent Non-Executive Director

The RC recommends to the Board the proposed remuneration for Directors and the renewal of the terms of Employment Contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors.

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The determination of the Non-Executive Directors' remuneration is the responsibility of the Board as a whole, subject to approval of shareholders at the AGM. The Directors are not involved in the approval of their own remuneration package. Meetings of the RC are held as and when necessary. The RC met once during the year under review and all the members registered full attendance.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements, annual report and quarterly announcement results to shareholders, the Board aims to provide a clear, balanced and comprehensive assessment of the Group's financial performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Group's Statement on Internal Control is set out on pages 34 and 35 of the Annual Report.

Statement of Directors' Responsibility in Relation to the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the Group and of the Company's financial position and of the financial performances and cash flows for the financial year then ended.

In complying with these requirements, the Directors are responsible for ensuring that proper accounting records are maintained and suitable accounting policies are adopted and applied consistently. In cases whereby judgment and estimates were required, the Directors have ensured that these were made prudently and reasonably. The Directors also ensured that all applicable approved Financial Reporting Standards have been followed and that the financial statements have been prepared on a going concern basis.

In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities.

ACCOUNTABILITY AND AUDIT (CONT'D)

Relationship with Auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with its Auditors. The role of the Audit Committee in relation to both, the Internal and External Auditors is disclosed in the Audit Committee Report set out on pages 29 to 33 of this Annual Report.

SHAREHOLDERS

Communication with shareholders and investors

The Group recognises the importance of maintaining transparency and accountability as well as proper and timely dissemination of information to its shareholders and investors. Such information is disseminated via annual reports, quarterly financial results, circular to shareholders and the various announcements released from time to time.

In addition, the Group maintains a website at www.saag.com which can be conveniently accessed by the shareholders and general public. Dato' Abu Bakar Bin Abdul Hamid is the Senior Independent Non-Executive Director to whom any concerns may be conveyed to at info@saag.com.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

AGM

The AGM and EGM are the principal forums for dialogue and interaction between the Company and its shareholders. At these meetings, the shareholders' are encouraged and/or urged to raise questions, both pertaining to the resolutions being proposed thereat and about the Company's operations. The Company's Board, senior management team, external legal counsel and auditors are present to answer questions raised by shareholders during the said meetings. Each agenda of special business included in the Notice of AGM/EGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

This statement is made in accordance with a resolution of the Board dated 28 April 2011.