

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7086
COMPANY NAME : ABLEGROUP BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors (the "Board") has the overall responsibility for overseeing the Group's business and performance, operation progress and affairs to ensure that the Group's objectives and shareholders' value are met.</p> <p>The Company's Board Charter defines the specific duties and responsibilities of the Board, amongst others. The Board Charter is available on the Company's website at www.ablegroup.com.my.</p> <p>The Board has delegated certain duties and responsibilities to the Committees of the Board, namely the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"), each operates within clearly defined terms of reference. The Chairman of the various Committee reports to the Board the outcome of the Committees' meetings and recommendations of all matters considered at its meeting. The functions and activities of each Committee are elaborated in their respective report set out in the Annual Report 2020.</p> <p>The Board, together with the Management promotes good corporate governance culture within the organisation which reinforces ethical, prudent and professional behaviour amongst employees and Board members.</p> <p>The Board meets on a quarterly basis and additional meetings will be convened as required from time to time to consider urgent proposals or matters that require the Board's immediate decision. Quarterly meetings are scheduled in advance so that the Directors can plan ahead to ensure attendance at Board meetings. Quarterly performance reports alongside other operation updates are presented to the Board by Management for review and approval.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult and discuss with the Board promptly over any matter of major concern. The Board, under the leadership of the Chairman, discharges their duties and works effectively and performs their responsibilities with all key and pertinent issues discussed in a timely manner. The Chairman encourages all Directors to participate during board discussion and share their views on the matters being tabled for review including the Company's affairs and issues and all Directors are entitled to have access to the Management and members of key senior management for matters requiring further details and clarifications.</p> <p>The Chairman ensures the conduct and working of the Board is in an orderly and effective manner and board meetings are managed effectively, leading the Board in its collective oversight of the management, facilitating active discussion and participation by all Directors prior to decision making and ensures that sufficient time is allocated to discuss all relevant issues at Board meetings.</p> <p>The Chairman also maintains good contact and effective relationships with external parties, investing public, regulatory agencies and other stakeholders.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and Managing Director are held by different individuals.</p> <p>There is a clear and distinct division of responsibilities between the Chairman and the Managing Director to ensure appropriate balance of power and role, responsibility and accountability at the Board level.</p> <p>The Chairman is primarily responsible for ensuring that the conduct and working of the Board are in an orderly and effective manner besides providing leadership for the Board whilst the Managing Director manages and oversees the daily business and operations of the Group; drives and provides strategic direction and guidance and ensures effective implementation of Board policies and procedures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) professional Company Secretaries who are members of the prescribed professional body and holders of practicing certificate issued by the Registrar of Companies pursuant to the requirements of the Companies Act 2016. The Board has full and unrestricted access to the experienced Company Secretary in ensuring the effective functioning of the Board. The Company Secretary plays an advisory role and keeps the Board abreast of statutory and regulatory requirements, corporate governance practices and other relevant rules or guidelines that govern the activities of the Company from time to time.</p> <p>The Company Secretary is also responsible for advising the Directors of their obligations including duties to disclose an interest in securities, any conflict of interest in transactions involving the Group, prohibition on dealing in securities, amongst others.</p> <p>Prior to the Board and Committees meetings, the Company Secretary ensures that meetings agendas are disseminated to the Directors and Committee members and coordinate with Management in the compilation of meetings papers in a timely manner so as to allow the Directors to have adequate time to review and be prepared for discussion to ensure effective proceedings of the meetings.</p> <p>The Company Secretary organises and attends all Board and Board Committee meetings and is responsible for ensuring that the meetings are properly convened with the presence of a requisite quorum and that accurate and proper records of the proceedings and/or resolutions passed are taken accordingly. After the conclusion of the meetings, the Company Secretary will follow up with Management on the implementation of decisions made by the Board where relevant, including any statutory filings or notifications arising from the decisions made by the Board at the meeting.</p> <p>The appointment and removal of the Company Secretary shall be the decision of the Board.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to the scheduled Board and Board Committees meetings, relevant meeting papers including but not limited to quarterly and year-to-date financial results, minutes of previous meetings, annual budget and/or business plans, operation reports and updates on statutory regulations and requirements, amongst other documents, will be circulated together with the meeting agendas at least three (3) days before the date of the meetings to enable the Directors to review and consider the matters to be tabled to facilitate effective review and discussion of the meetings.</p> <p>Draft minutes of the meetings would be prepared and circulated by the Company Secretary to the Board of Directors and Committee members within a reasonable period for review and comments. The minutes will be tabled at the subsequent meetings of the Board and Board Committees for approvals and entered in the minutes book of the Company accordingly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies.

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter outlines the processes and procedures for the Board including Board membership, composition of Board Committees and respective responsibilities in discharging their stewardship effectively and efficiently, amongst others. The Board Charter and the Terms of Reference of the AC, NC and RC are available on the Company's website.</p> <p>The Board Charter is reviewed and updated periodically to remain relevant to existing rules and regulations as well as standards of corporate governance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a Code of Conduct and Ethics which governs the conduct of all the Group employees including the Boards members with the aim to cultivate good ethical conduct, and enhance the standard of corporate governance, amongst others.</p> <p>The Code of Conduct and Ethics is based on the core principles of integrity, transparency, fairness, accountability and contributing towards the social and environmental growth of the surroundings in which it operates.</p> <p>The Code of Conduct and Ethics also sets standards for the employees within the Group to promote professionalism and improve the competency of Management and employees at all times. The Group is committed to providing a safe and healthy work environment to all employees and that health and safety protection and support is provided to workers and employees at work places.</p> <p>The Code of Conduct and Ethics is available on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other reportable misconduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation.</p> <p>To this end, the Company has adopted a Whistle Blowing Policy which fosters an environment that engenders integrity, transparency and fairness to all employees and where genuine concerns related to possible improprieties in the matter of financial reporting, compliance and other malpractices can be objectively investigated and addressed.</p> <p>The Group has adopted a zero-tolerance policy against all forms of bribery and corruption. In line with the amendments to Bursa Securities' Listing Requirements in relation to anti-corruption measures, the Group had during the financial year under review established and implemented the anti-bribery and anti-corruption action plans to prevent the occurrence of corrupt practices in relation to the business dealings and activities of the Group.</p> <p>The Anti-Bribery and Anti-Corruption Policy adopted by the Group sets out the commitment of the Group towards the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices, amongst others, and applicable to all the companies and employees of the Group, Board of Directors and all third parties, including but not limited to contractors, vendors, suppliers, agents, consultants, business partners and any person associated with the Group.</p> <p>The Whistle Blowing Policy, Anti-Bribery and Anti-Corruption Policy are published on the Company's website.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	The Board has four (4) members, comprising the Managing Director and three (3) Independent Directors. The Independent Directors comprise more than half of the composition of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board continues to retain Mr Cheong Marn Seng, the Independent Non-Executive Director who has served for a cumulative period of more than twelve (12) years and will continue to seek shareholders' approval at the Annual General Meeting ("AGM") of the Company to retain Mr Cheong as Independent Director through a single-tier voting process.</p> <p>In justifying the decision, the NC and the Board have reviewed and assessed the independence of Mr Cheong, considers him to be independent and remain unbiased, objective in expressing his opinions and in participating in the decision making of the Board. He had also devoted sufficient time and attention to his responsibilities as Independent Director besides exercising due care during his tenure as Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders.</p> <p>The length of his services on the Board has not in any way interfere with his exercise of balance and objective view to Board deliberations. Furthermore, his experience and knowledge of the Group's businesses and operations enable him to contribute effectively to Board deliberations and decision making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. This includes the selection of the members of the Board and senior management.</p> <p>In addition, the Group believes it is importance that the Board and senior management personnel is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.</p> <p>The NC is delegated with the responsibility of assessing, considering and recommending to the Board, suitable candidates for appointment as Directors, after taking into consideration the candidates' background, expertise, experience, character, and professionalism.</p> <p>The Board, alongside the NC, undertakes a review of the composition of the Board annually to ensure that they remain diverse and effective in the discharge of duties and responsibilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board seeks to support that its membership reflects diversity covering a combination of skills, experience, race, age, gender, educational and professional background and other relevant personal attributes in providing a range of perspectives and insights to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board is responsible for determining the appropriate size of the Board and the appointment of a new director is a matter for consideration and decision by the Board, upon the recommendation of the NC. The Board opined that the current size and composition of the Board is satisfactory for effective discharge of its oversight function.</p> <p>The Board recognising the emerging targets for companies to have female representation in the boardroom and will continue to review and if required, take opportunities to increase the number of female Board Members where that is consistent with other skills, diversity and requirements of the Board. It was noted that senior management has a female Deputy General Manager of major subsidiary.</p> <p>In the review and selection of potential Board member, the NC will consider the mix of skills, experience, other qualities and diversity including gender, amongst other attributes needed to ensure an effective Board.</p> <p>The Board will also seek to ensure the development of diversity in the senior management roles within the Group and supports and oversees the Group's objective of achieving senior roles held by female executives and to develop opportunities for female executives to ensure unbiased career progression opportunities.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	The NC is guided by the adopted Director Recruitment Policy and Procedure that sets out criteria in the identification and selection of potential board members and the NC may consider a variety of approaches and sources to ensure that it is able to identify the most suitable candidates for appointment to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	As and when required	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Effective from 28 August 2020, Mr Loi Heng Sewn, an Independent Non-Executive Director was re-designated as the Chairman of the NC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC performed an annual evaluation of the Board, Board Committees and each Director through questionnaires and the outcomes were reported to the Board for review and/or consideration of any required actions.</p> <p>The NC and Board have open discussions on the assessment and are satisfied that the performance of the current Board for the year under review, with an appropriate mix of knowledge, skills, attributes and core competencies were adequate to enable the Board to discharge its duties and responsibilities effectively, and that all the Board Committees were assessed to be effective as a whole in discharging their roles and responsibilities.</p> <p>All assessments and evaluations carried out by the NC in the discharge of all its functions were properly recorded and documented.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC is primarily responsible for reviewing and recommending to the Board the remuneration package of the Executive and Non-Executive Directors to ensure that the Group attracts and retains Directors of the caliber needed to run the Group successfully.</p> <p>The remuneration seeks to enable the Company to provide a well-balanced and reasonable competitive compensation package that is focused on sustainable results and is aligned with the business performance of the Company. The remuneration of the Managing Director and key member of senior management is linked to the financial performance which is aligned to the Company's business objectives. The remuneration of Non-Executive Directors should be appropriate for their contributions to the Company, taking into account factors such as effort and time spent, and responsibilities of the Directors including their appointment in Board Committees.</p> <p>The Remuneration Policy would be reviewed and updated as and when required for effectiveness and made available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The primary responsibility of the RC is to review the remuneration framework and determine remuneration packages for the Executive and Non-Executive Directors of the Company.</p> <p>The adopted Remuneration Policy seeks to ensure the Company provides a well-balanced and reasonable compensation package that is focused on sustainable results and is aligned with the business performance of the Company.</p> <p>The RC carried out its duties in accordance with its Terms of Reference which is available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Details of the remuneration of each Director of the Company on a named basis for the financial year ended 31 December 2020 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2020.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration of the key member of senior management of the Company is disclosed on an aggregate basis in bands of RM50,000.	
		The disclosure of detailed remuneration components into salary, bonus, benefits in-kind and other emoluments of senior management would not be in the best interest of the Group due to confidentiality and security concerns.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	The Chairman of the AC and the Chairman of the Board are held by different individuals, both are Independent Non-Executive Directors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The policies and procedures established by the AC on External Auditor include amongst others, the policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being considered for appointment as a member of the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has adopted the policies and procedures to review and evaluate the suitability, independence and objectivity of the External Auditors.</p> <p>During the financial ended 31 December 2020, Messrs SBY Partner PLT (formerly known as Siew Boon Yeong & Associates) ("SBY") was appointed as the External Auditors of the Group in place of Baker Tilly Monteiro Heng PLT ("BTMH") who has resigned on a voluntary basis as the Company and BTMH could not reach a consensus on the proposed increase of the audit fees.</p> <p>The appointment of SBY was reviewed, considered and discussed by the AC and Board with reference to the adopted External Auditors Policy of the Company that amongst others, provides the selection criteria, independence and provision of non-audit services.</p> <p>The AC ensures that transparent and appropriate relationships with the External Auditors of the Group are established. The AC and Board place great emphasis on the objectivity and independence of the External Auditors in providing the auditors' reports to the shareholders. The AC met the External Auditors twice during the year under review without the presence of the Executive Director and Management to facilitate the exchange of independent views on matters which require the AC's attention, to review the scope and adequacy of the audit process, the annual financial statements and their audit findings.</p> <p>On annual basis, the AC shall carry out an evaluation of the External Auditor which shall encompass an assessment of the qualifications and performance of the auditor; the auditor's independence, objectivity, and professional skepticism; and the quality and candour of the auditor's communications with the AC and the Company.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC of the Company consists of following three (3) members, all of whom are Independent Non-Executive Directors:</p> <ol style="list-style-type: none">1. Mr Cheong Marn Seng (<i>Chairman of Audit Committee</i>) – Independent Non-Executive Director2. Mr Yeoh Chong Keat – Independent Non-Executive Director3. Mr Loi Heng Sewn – Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the AC possess the necessary skills and qualifications to discharge their duties in accordance with the Terms of Reference of the AC.</p> <p>The members of the AC are financially literate with the requisite accounting qualification and are able to understand matters under the purview of the AC. All members of the Board including the AC should undertake continuing development and education or training programs to keep themselves abreast of emerging issues and relevant developments in accounting and auditing standards, practices and rules for effective discharge of their duties and responsibilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control systems to safeguard the interest of shareholders and the Group's assets. The responsibility of reviewing the adequacy and integrity of the Group's risk management and internal control systems is delegated to the AC which is empowered by its Terms of Reference to seek assurance on the adequacy and integrity of financial, operational and compliance control as well as internal control system and risk management procedures through independent reviews carried out by the internal audit function and management.</p> <p>The Board through the AC has established an ongoing process in identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the risk management and internal control system when there are changes in the business environment or regulatory guidelines is reviewed by the Board.</p> <p>The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help to minimise and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguarded against material loss and unauthorised use and the financial statements are not materially misstated.</p> <p>The Company has outsourced its internal audit function to an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control within the Group whose role is to review and provide independent and objective findings on the management of risks and processes as well as systems of internal control, and report to the AC accordingly. The internal auditors evaluate and improve the effectiveness of risk management and the control processes where significant risks are identified, assessed and managed.</p> <p>For the financial year under review, the Board is satisfied that there were no material control deficiencies, losses or contingencies noted as the reported internal control weaknesses are considered to be at an</p>

	<p>acceptable level within the context of the Group's business environment.</p> <p>The Board together with the management will continuously assess the adequacy and effectiveness of the Group's system of risk management and internal controls and will take proactive measures to enhance the system.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	The main features of the risk management and internal control framework of the Group are set out in the Statement on Risk Management and Internal Control presented in the Annual Report 2020. The internal control and risk management framework are designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has been tasked to oversee and monitor the effectiveness of the Group's internal audit function and is supported by Sterling Business Alignment Consulting Sdn Bhd, the outsourced Internal Auditors in discharging its duties and responsibilities. The Internal Auditors provide independent and objective feedback to the AC and Board on the adequacy, effectiveness and efficiency of the internal control system of the Group.</p> <p>The Internal Auditors, in the course of their review, have unrestricted access to the relevant documentation including the financial statements, operational reports, internal policies and procedures as well as corporate and governance processes, and report directly to the AC on all matters of internal control and audit.</p> <p>The Internal Auditors report to the AC their audit findings, recommendations of the corrective actions or improvement measures to be taken by Management together with Management's responses in relation thereto. The Internal Auditors will conduct periodic follow-up reviews on the implementation of their recommendations by Management and report to the AC accordingly.</p> <p>During the financial year under review, the Internal Auditors undertake internal audit reviews based on the audit plan that has been reviewed and approved by the AC. The audit plan covers amongst others, the review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.</p> <p>Further details of the internal audit function are set out in the AC Report in the Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose.

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Sterling Business Alignment Consulting Sdn Bhd, the outsourced Internal Auditors is a member of The Institute of Internal Auditors Malaysia (IIAM). The Internal Auditors are adequately staffed and resourced and have unrestricted access to the AC, the Board and Management. The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence on the internal audit activities. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities it audits.</p> <p>The Internal Auditors applied the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p> <p>The internal audit is conducted in a manner that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the IIAM. Internal audit reviews were conducted in accordance with the approved internal audit plan which inter-alia encompasses review of higher risk business processes, material internal controls including compliance with the Company’s policies, procedures and regulatory obligations and improvement measures to the internal control process were recommended accordingly. The AC reviewed the internal audit reports presented by the Internal Auditors and considered the recommendations, taking into account Management’s responses, before endorsing the appropriate action plans.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each others objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of communication and timely dissemination of material information to its shareholders and stakeholders and these are done through the release of public announcements of its quarterly report and financial results, Annual Reports and Circulars of the Company.</p> <p>The Corporate Disclosure Policy of the Company which is available on the Company's website sets out amongst others, handling and disclosure of material information of the Group in a clear, timely and accurate manner as well as avoiding selective disclosure to the investing public.</p> <p>The general meetings including AGM remain the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders at the AGM to seek clarifications from Management on the Group's operations and business performance and to exchange views is encouraged.</p> <p>The Company's policies and procedures, announcements released to the public, amongst other information are available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice convening the 2020 Annual General Meeting of the Company was given to the shareholders on 30 June 2020, more than 28 days before the AGM was held on 30 July 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	Members of the Board including the Chairman of the Board and Board Committees attended the 2020 AGM of the Company held on 30 July 2020 to engage with the shareholders of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate.

- including voting in absentia; and
- remote shareholders participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The AGM of the Company has been physically held in Klang Valley at a venue easily accessible and familiar to the shareholders of the Company.</p> <p>The 2020 AGM of the Company was held at Hotel Armada, Petaling Jaya, Selangor, a strategic location easily accessible by the shareholders. Amidst the Covid-19 pandemic, precautionary measures and strict standard operating procedures including maintaining physical distancing were adhered to by all the attendees at the said AGM.</p> <p>Given the number of shareholders physically present at the AGM of the Company is not large, currently there is no necessity to deploy remote shareholders' participation and voting in absentia at the general meetings of the Company.</p> <p>Nonetheless, having considered the uncertainty of the current situation amidst the pandemic, and subject to any directive to be issued by the Government and regulatory authorities from time to time, the Board will consider leverage on technology and conduct a fully virtual general meeting to facilitate remote shareholders' participation and voting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

N/A
