

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7086  
**COMPANY NAME** : ABLEGROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2018

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the "Board") has the overall responsibility for the performance of the Group by leading and controlling the Group's business and affairs to ensure that the Group's objectives and shareholders value are met. The Board oversees the Group's performance and operation progress towards the corporate objectives.</p> <p>The Company's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Company's website at <a href="http://www.ablegroup.com.my">www.ablegroup.com.my</a>.</p> <p>The Board has delegated some of its responsibilities to the Committees of the Board, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The functions and activities of each Committee are elaborated in their respective report set out in the Annual Report 2018.</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 Boards members.</p> <p>The Board meets on a quarterly basis and additionally as required from time to time to consider urgent proposals or matters that require the Board's decision. Quarterly meetings are scheduled in advance annually so that the Directors can plan ahead to ensure their attendance at Board meetings. Quarterly performance reports alongside with operation updates are presented to the Board by Management for review and approval.</p>

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board, under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. All Directors are encouraged to share their views on the Company's affairs and issues and they are entitled to have access to the senior management who will respond to queries raised by the Directors.</p> <p>The responsibilities of the Chairman include ensuring the conduct and working of the Board is in an orderly and effective manner and leading the Board in its collective oversight of the management, facilitating active discussion and participation by all Directors and ensure that sufficient time is allocated to discuss all relevant issues at Board meetings.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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 that there is an appropriate balance of power and role, responsibility and accountability at Board level. The responsibility of Chairman is primarily to ensure that the conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily business and implementation of Board policies.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) professional Company Secretaries who are experienced and qualified pursuant to the requirements of the Companies Act 2016. The Board has full and unrestricted access to the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary plays an advisory role and keep the Board abreast of statutory and regulatory requirements, corporate governance practices and other relevant rules or guidelines from time to time.</p> <p>The Company Secretary is also responsible for advising the Directors of their obligations including duties to disclose interest in securities, any conflict of interest in transactions involving the Group, prohibition on dealing in securities as well as to update the Board members regularly on any new/amendments to applicable rules and regulations.</p> <p>Prior to the Board meetings, the Company Secretary will furnish the notice together with the agenda to the Directors to allow them to have adequate time to prepare and ensure effectiveness at the proceedings of the meeting. The Company Secretary organises and attends all Board and Board Committee meetings and is responsible to ensure the meetings are properly convened, accurate and proper records of the proceedings and/or resolutions passed are taken and maintained accordingly. The appointment and removal of Company Secretary shall be the decision of the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to the scheduled Board and Board Committee meetings, relevant meeting papers including quarterly and year-to-date financial results, minutes of previous meetings, annual budget and/or business plans, operation reports and/or updates on statutory regulations and requirements will be circulated at least three (3) days before the date of meetings to enable the Directors to review and consider the matters to be tabled to facilitate effective proceedings of the meetings.</p> <p>Draft minutes of the meetings are 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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter adopted by the Board clearly sets out the respective roles and responsibilities of the Board, Board Committees, individual directors and the management. It outlines inter-alia the processes and procedures for the Board and its committee in discharging their stewardship effectively and efficiently. 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place a Code of Conduct which governs the conduct of all the Group employees including the Boards members with the aim to cultivate good ethical conduct, amongst others. The Code of Conduct 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. The Code of Conduct is formulated to enhance the standard of corporate governance and corporate behaviour by establishing a standard of ethical behaviour for Directors based on acceptable beliefs and values.</p> <p>The Code of Conduct also sets standards for the employees within the Group to promote professionalism and improve competency of Management and employees at all times. The Group adopt to ensure adequate safety measures are in place by providing proper protection to workers and employees at work places.</p> <p>The Code is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct 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 matter of financial reporting, compliance and other malpractices can be objectively investigated and addressed.</p> <p>The Whistle Blowing Policy can be assessed at the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has five (5) members, comprising the Managing Director and four (4) Independent Directors, i.e. more than 50% Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<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 seek shareholders' approval at the forthcoming 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 Nomination Committee 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 enables 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>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 of utmost importance that the Board and senior management personnel is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgment 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, capabilities, expertise, experience, character, integrity and professionalism.</p> <p>The Board, alongside the NC, undertakes review of the composition of the Board to ensure that they remain diverse and effective in the discharge of duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 to determine the appropriate size of the Board and the appointment of new director is a matter for consideration and decision by the Board, upon the recommendation of the NC. The NC will consider the mix of skills, experience, other qualities and diversity including gender, amongst other attributes needed to ensure an effective Board in the review and selection of potential Board member.</p> <p>On gender diversity, the Board recognising the emerging targets for companies to move towards having a certain number or percentage of female representation and will take opportunities to increase the number of female Board Members where that is consistent with other skills, diversity and requirements of the 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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	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 4.6**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is guided by its established policy and criteria in the identification and selection of potential board members and may consider variety of approaches and sources to ensure that is it able to identify the most suitable candidates.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is chaired by Mr Wong Heang Fine, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC undertook the annual evaluation of the Board, Board Committees and each individual director internally through questionnaires and the results and/or any recommendations from the evaluation are reported to the Board for consideration and action.</p> <p>The NC and Board is satisfied that the performance of the current Board, with 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. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly recorded and documented.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC’s is primary 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 retain 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 competitive compensation package that is focused on sustainable results and is aligned with the business strategy of the Company. The remuneration of the Executive Director 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 policies and procedures are periodically reviewed and made available on the Company’s website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The primary responsibilities of the Remuneration Committee is to review the remuneration framework for the Directors and to determine remuneration packages for the Executive and Non-Executive Directors of the Company.</p> <p>The adopted remuneration policy seeks to enable the Company to provide a well-balanced and competitive compensation package that is focused on sustainable results and is aligned with the business strategy of the Company</p> <p>The Remuneration Committee carried out its duties in accordance with its Terms of Reference which is available at Company’s website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Details of the remuneration of each Director of the Company on named basis for the financial year ended 31 December 2018 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The remuneration of the only Key Senior Management of the Company is disclosed on an aggregate basis in bands of RM50,000.	
		The Board is of the opinion that the disclosure of the 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>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	



**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The policies and procedures established by the AC on External Auditor includes amongst other, 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has adopted the policies and procedures to review and evaluate the suitability, independence and objectivity of the external auditors.</p> <p>The AC has established a transparent and appropriate relationship with the External Auditors. The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditor in providing the auditors' reports to the shareholders. The AC met the External Auditors at least twice during the year under review without the presence of the Executive Director and Management to facilitate exchange of independent views on matters which require the Committee'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 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 scepticism; and the quality and candour of the auditor's communications with the Committee and the Company.</p> <p>The AC is satisfied with the External Auditors' quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit for the financial year ended 31 December 2018 and has recommended for shareholders' approval at the forthcoming AGM on their re-appointment for the financial year ending 31 December 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee of the Company currently consists of four (4) members, all of whom are Independent Non-Executive Directors:</p> <ol style="list-style-type: none"><li>1. Mr Cheong Marn Seng (<i>Chairman of Audit Committee</i>) – Independent Non-Executive Director</li><li>2. Mr Yeoh Chong Keat – Independent Non-Executive Director</li><li>3. Mr Wong Heang Fine – Independent Non-Executive Director</li><li>4. Mr Loi Heng Sewn – Independent Non-Executive Director</li></ol>

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The members of the AC of the Company comprised at least one member with the requisite accounting qualification. 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 Board acknowledges that the AC should be financially literate and are able understand matters under the purview of the AC and ensures that all members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound risk management and internal control system 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 system 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 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 minimize and manage risk and provides reasonable assurance that assets of the Company and of the Group are safeguard 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 provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board, amongst others. The internal audits include evaluation of the 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 acceptable level within the context of the Group's business environment.</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.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 2018. 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for monitoring and reviewing 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 provides an independent and objective feedback to the Audit Committee and Board on the adequacy, effectiveness and efficiency of the internal control system within the Group.</p> <p>The Internal Auditors are given full access to all documents relating to the Group's governance, financial statements and operational assessments, and report directly to the Audit Committee on all matters of internal control and audit.</p> <p>The Internal Auditors report to the AC on their audit findings, their recommendations of the corrective actions to be taken by Management together with Management's responses in relation thereto. The Internal Auditors will follow up 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 undertakes internal audit functions based on the audit plan that has been reviewed and approved by the Audit Committee. The audit plan covers review of the adequacy of operational control, risk management, compliance with established policies and procedures, laws and regulations.</p> <p>Details of the internal audit function are set out in the AC Report in the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The internal audit function of the Company is outsourced to an independent professional firm, Sterling Business Alignment Consulting Sdn Bhd who is a corporate member of The Institute of Internal Auditors Malaysia (IIAM). The Internal Auditors are adequately resourced and have unrestricted access to the AC, the Board and Management. The Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independency on the internal audit activities. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited.</p> <p>The internal audit function is conducted in a matter that is consistent with and meets the Standards for the Professional Practice of Internal Auditing and Code of Ethics of the IIAM. The internal audits were conducted in accordance with the internal audit plan approved by the Board 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 recommend possible improvements to the internal control process. 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> <p>The Internal Auditors use 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>
<b>Explanation for departure</b> :	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of communication and proper dissemination of information to its shareholders and stakeholders and these are done through disclosure of relevant information such as announcements of its quarterly report and financial results, Annual Reports and Circulars of the Company.</p> <p>The Board has established a Corporate Disclosure Policy which is available on the Company's website to facilitate the handling and disclosure of material information in a timely and accurate manner.</p> <p>The general meetings including AGM of the Company remains 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 are encouraged.</p> <p>The Company's profile, policies and procedures announcements and other information are available on the Company's website for reference.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The notice convening the 2018 Annual General Meeting of the Company was given to the shareholders on 30 April 2018, more than 28 days before the AGM held on 8 June 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All the Directors including the Chairman of the Board and Board Committees attended the AGM of the Company held on 8 June 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company holds its AGM at the venue easily accessible by its shareholders.
		Shareholders who are unable to attend are entitled to appoint proxy/proxies to speak and vote on their behalf at the AGM.  Given the number of shareholders of the Company and the general meeting is scheduled at location easily accessible by its shareholders, currently there is no necessity to deploy remote shareholders’ participation and voting in absentia at the general meetings of the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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
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