

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7010
COMPANY NAME : GRAND HOOVER BERHAD
FINANCIAL YEAR : June 30, 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.

Application	: Applied
Explanation on application of the practice	<p>The Board is responsible for the stewardship and oversight on management and operations of the Group by providing leadership and setting strategic aims of the Group that will ensure the necessary resources are in place for the group to meet its objective, as well as achieving the long-term sustainability.</p> <p>The Board monitor the Group performance quarterly whereby the Managing Director and /or Executive Director will keep the Board inform on the financial performance and highlight key business area, material issues and other relevant matters to the attention of the Board.</p> <p>Among others, the Board discharges the following principal duties and responsibilities:</p> <ul style="list-style-type: none">- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value and promoting long-term sustainability and growth;- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and

	<ul style="list-style-type: none"> - Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. <p>The details of Board duties and responsibilities are highlighted in the Board Charter available at the Company's website at www.hoover.com.my</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 an Independent Non-Executive Director. He chairs the board meeting to ensure the business of the board meetings are conducted effectively and constructively manner. His principal roles and responsibilities are enhancing Board leadership in implementing good corporate governance, amongst others, are as follows:</p> <ol style="list-style-type: none">(1) to lead the Board and ensure its effectiveness of all aspects of its role;(2) to ensure the efficient organization and conduct of the Board's function and meetings;(3) to facilitate the effective contribution of all Directors at Board meetings;(4) to promote constructive and respectful relations between Directors, and between the Board and Management; and(5) to ensure effective communication with shareholders and relevant stakeholders
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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The roles of Independent Non-Executive Chairman and Managing Director are exercised by different individual. A clear segregation of their responsibilities to ensure balance of power and authority is stated and defined in the Company's published Board Charter.	
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) qualified and competent Company Secretaries who are members of the professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act under the Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries are external company secretary from Tacs Corporate Services Sdn. Bhd. They have vast knowledge and experience in corporate governance and corporate compliance which is supported by dedicated team of company secretarial and administrative personnel.</p> <p>All the Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.</p> <p>The appointment and removal of the Company Secretaries is a matter for the Board as whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.</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>The notice of Board meeting papers was issued and circulated with minimum of seven (7) days to enable the directors to obtain any further information and/or explanations when necessary or to obtain further explanation.</p> <p>The Board meeting papers would consist of minutes of previous meeting, minutes of Committee's meeting, financial reporting and operation matters of the Group.</p> <p>Minutes of meetings will be recorded by Company Secretary and to be circulated in a timely manner to directors. The minutes will be tabled in the next following Board and / or Committees meetings for perusal and confirmation.</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 has formally adopted the Board Charter since 2013 which provides guidance to the Board in its roles, functions, composition and processes to ensure all Board members and senior management acting on behalf of the Company are aware of its duties and responsibilities.</p> <p>The Board Charter also covers matters reserved for the Board, financial reporting, risk management and internal control system, Directors’ remuneration and training as well as investor relations and shareholder communication.</p> <p>The Board Charter which serves as a source of reference for new Directors, will be reviewed periodically to keep it up to date with changes in regulations and the best practices to ensure its effectiveness and relevance to the Board’s objectives.</p> <p>The Board Charter is available for reference at the Company’s website at www.hoover.com.my</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 Board has established the Company's Code of Ethics and Conducts since 2013 for all the Directors and employees in discharging their duties and responsibilities, so as to adhere to the principles and standards in doing business by upholding good ethical behaviour and corporate integrity.</p> <p>The Code of Ethics and Conduct provides clear direction on conduct of business, dealing with the community, government and business partners, and general workplace behaviour. It includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, compliance with the relevant laws and regulations, and reporting where there is breach of the said Code, amongst others.</p> <p>The Directors and employees are expected to behave ethically and professionally at all time and protect the reputation and performance of the Group.</p> <p>The Code of Ethics and Conduct is reviewed periodically by the Board when the need arises to address the changing conditions of the business environment.</p> <p>The Code of Ethics and Conducts of the Company is available at the Company's website at www.hoover.com.my</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	Since 2013, the Company has established the Whistleblowing Policy that provide a channel to enable stakeholders to report any breach of laws and regulations in Group. Reports can be made to the Chairman of the Audit Committee or the Internal Auditor of the Company and will be treated confidentially. Any concerns raised will be investigated and the outcome of such investigation will be reported to the Board with appropriate recommendation and will take necessary action to resolve the issue. The Company's Whistleblowing Policy is available at the Company's website at www.hoover.com.my .
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 4.1

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 currently has five (5) members comprising an Independent Non-Executive Chairman, Managing Director, an Executive Director and two (2) Independent Directors; where 60% of the Board comprises 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

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>Tenure of Independent Director</p> <p>The Board noted the recommendation of the Code that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as non-independent director. If the Board intends to retain an individual as independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.</p> <p>Currently, there are two Independent Non-Executive Directors exceeded the cumulative twelve (12) years, that are Tuan Hj. Basar Bin Juraimi and Mr Yap Chi Keong. The Nominating Committee has assessed and satisfied that they demonstrate complete independence in character and judgement as Board members and is of the opinion that they continue to bring independent view to the Board notwithstanding their length of service.</p> <p>The Board unanimously recommends Tuan Hj. Basar Bin Juraimi and Mr Yap Chi Keong to be retained as Independent Non-Executive Directors of the Company based on the following justifications:</p> <ul style="list-style-type: none">• They have fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements of Bursa Securities, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board.

	<ul style="list-style-type: none"> • They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management. • Their in-depth knowledge of the Group's business and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board. • They have been with the Company for more than 12 years, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making. • They are independent as they have shown great integrity and have not entered into any related party transaction with the Group. • They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group. <p>The Board and the Nominating Committee believe that their in-depth knowledge of the Group's business and their experience and expertise continue to provide invaluable contribution to the Board.</p> <p>The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the stakeholders. In this respect, the Board has approved the continuation of Tuan Hj. Basar Bin Juraimi and Mr Yap Chi Keong to be retained as Independent Non-Executive Directors and recommended them for shareholders' approval on the forthcoming annual general meeting. The Company will be tabling Ordinary Resolutions for shareholders' approval on a single tier voting process.</p> <p>Shareholders' approval for retention of Independent Director</p> <p>The Board recognised the recommendation of the Code regarding the tenure of the Independent Directors but will seek shareholders' approval through a single tier voting process for retention of Independent Directors who have served for a cumulative term more than twelve (12) years.</p> <p>This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholders has one vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Board through the Nominating Committee is fully entrusted to evaluate, propose and then make recommendation for suitable candidates to be approved and appointed by the Board. The Nominating Committee will consider qualification, character, skills, expertise, knowledge, background, experience, professionalism, integrity, competence, time commitment and diversity in evaluating the potential candidates.</p> <p>The Board expects that each of its key management possesses appropriate qualification, character, experience, skills, integrity and competence in carry out their duties in the best interests of the Company and the Group. The Managing Director and Executive Director are responsible for the identification and development of key management as well as to review the succession planning for key management and its team on regular interval.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	While the Company and the Board respect and agree with the requirement for gender diversity, the Board through the Nominating Committee will always select and evaluate potential candidate based on such as qualification, character, skills, expertise, background, experience, integrity, competence, time commitment and diversity.	
		The Company does not have female director and does not set specific target for boardroom diversity. The Board is committed that should any Board seat become available, the potential candidate shall include female candidate to be considered by the Nominating Committee during the evaluation process. Currently, the Company has one (1) female director appointed as managing director at one of its subsidiaries.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the appointment of new directors is to be undertaken by the Board upon recommendation of the Nominating Committee. Potential candidates may be based on recommendation from existing board members, major shareholders and senior management.	
		The Board is in the opinion that the existing selection based on the recommendation from the existing board members, major shareholders and senior management are good for the time being. The Company will utilise the independent sources should there is no suitable qualified candidates among the recommended by the existing board member, shareholders and senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	<p>The Nominating Committee consists entirely of Independent Non-Executive Directors and is chaired by Senior independent Non-Executive Chairman, Hj. Basar Bin Juraimi.</p> <p>The Terms of Reference of the Nominating Committee is published at the Company's website at www.hoover.com.my</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 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	:	The annual assessment on the board, its committees and each individual director was carried out internally using self-evaluation forms extracted from the Corporate Governance Guide issued by Bursa Malaysia. The results of the duly completed self-evaluation forms received from the Directors and Audit Committee members were tabled to the Nominating Committee for consideration. The Nominating Committee is satisfied that the Board has a good mix of skills, experience and qualities and each of the Directors has the professionalism, competence, experience, time commitment, integrity and character to effectively discharge their role as a Director. The Nominating Committee is also satisfied with the performance of the Audit Committee and each of Audit Committee members who have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The results from the Nominating Committee were reported 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	:	

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>On annual basis or shorter interval , the Remuneration Committee will review and recommend to the Board, the remuneration of the Executive Directors and Senior Management. The remuneration of Non-Executive Directors will be determined by the Board as a whole. The criteria to determine the Executive Directors and Non-Executive Directors remuneration are published at our Company's website at www.hoover.com.my</p> <p>The key Senior Management remuneration will be reviewed annually by the Managing Director and / or Executive Director who will then recommend to the Remuneration Committee for consideration and Board's 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

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 Board has established a Remuneration Committee which comprises entirely Non-Executive Directors. The remunerations of Executive Directors and Senior Management are reviewed by the Remuneration Committee for consideration of the Board.</p> <p>The remuneration of Non-Executive Directors is reviewed by the Board based on their experience and expertise and level of responsibilities undertaken.</p> <p>The Terms of Reference of the Remuneration Committee is published in the Company's website at hoover.com.my</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	:	The details breakdown of individual Directors' remuneration are disclosed on pages 20 to 21 in the Corporate Governance Overview Statement in the Annual Report.	
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	:	<p>The remuneration of the Senior Management are not disclosed on named basis in the Annual Report. The Board views that such information is sensitive and confidential and the disclosure would not be in the best interests of the Company for talent retention.</p> <p>Currently, the key Senior Management remuneration is in the bands of RM50,000 and disclosed on page 21 in the Corporate Governance Overview Statement in the Annual Report.</p> <p>The Board through the Remuneration Committee reviewed the performance and remuneration of the Senior Management so as to ensure the their packages are appropriate with their performance and in line with the competitive market.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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 practice has been in force by the Company where the Chairman of Audit Committee is Mr Yap Chi Keong and the Chairman of the Board is Hj. Basar Bin Juraimi.	
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	:	<p>The Audit Committee comprises 3 members, all of whom are Independent Non-Executive Directors. None of the members of the Audit Committee were former key audit partner of the Company's external auditors within the cooling-off period of 2 years.</p> <p>The Terms of Reference of the Audit Committee was amended to reflect the requirement of a former key audit partner to observe a cooling-off period of at least 2 years before he or she can be considered for appointment as an Audit Committee member.</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 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 Board through the Audit Committee maintains a formal and transparent relationship with its external auditors. The Audit Committee is responsible in making recommendation on the appointment, re-appointmnet or removal of the external auditors.</p> <p>The Audit Committee conducted an annual assesmment of the suitability and independence of the external auditors, Messrs. Kreston John & Gan in the financial year under review. The Audit Committee is satified with the performance external auditors based on the adequacy of firm expertise and resources, quality audit review process and their independence.</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 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	:	Currently, the the Audit Committee comprises entirely of Independent Non-Executive Directors.

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 Audit Committee ("AC") have the necessary skills to discharge its duties and are financially literate.</p> <p>The AC Chairman, Mr Yap Chi Keong and AC member, Mr Chai Moi Kim are professional accountants registered with the Malaysian Institute of Accountants (MIA).</p> <p>During the financial year, all Board members have participated in various training programs. Those seminars and courses attended by the Directors are disclosed in the Corporate Governance Overview Statement in the Annual Report.</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	:	The Company has established a Risk Management Committee that is chaired by the Managing Director and its members comprise the Executive Director and an Independent Non-Executive Director to determine the Group's level of risk tolerance, identify, assess and monitor keys business risk so as to safeguard the Company's interest. The Statement on Risk Management and Internal Controls of the Group as set out in the Annual Report provides an overview of the status and features of risk management and internal control systems within the Group.	
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 9.2

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	:	<p>The Board through the Audit Committee ("AC") oversees the risk management and internal control systems of the Group which is supported by the management and internal audit functions.</p> <p>On regular interval, the monitoring of risks is carried out by the respective Risk Management Sub-Committee meeting with minutes of meeting tabled to the AC. Annually, the internal auditors will carry out the internal audit works in assessing adequacy of internal controls, identifying weaknesses and risks so as within the tolerance of business objectives.</p> <p>The Statement on Risk Management and Internal Controls has been reviewed by the Messrs Kreston John & Gan, the external auditors.</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 9.3 - 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 Group's internal audit function has been outsourced to an external professional service firm, M/s. Sam & Co which is independent of its audit activities.</p> <p>The Board through the Audit Committee conducts annual review on the effectiveness of the internal audit function and report to the Board on the adequacy of the scope, competency and its resources of the internal audit function. The Audit Committee will review the internal audit plan, the result of internal assessment, investigation undertaken and the highlighted risks with appropriate recommendations.</p> <p>During the financial year, the internal audit works carried out by the outsourced internal auditors are disclosed in the Audit Committee Report in the Annual Report.</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>Prior to the appointment, the Audit Committee will review and assess the outsourced internal audit firm and/or its partners are free from any relationship or conflict of interest, which could impair their objectivity and independence. The Audit Committee will also assess the appointed firm by ensuring it has the resources and qualification in carrying out the audit activities.</p> <p>The Group's internal audit function is outsourced to a professional service firm, M/s Sam & Co. The firm and/or its partner are registered member of the Malaysian Institute of Accountant and the Institute of Internal Auditors which has the resources, experience and qualification in carrying out the audit activities.</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognised and committed to have on-going communication across its entire stakeholders. The Company's communication mode consists of through Annual General Meeting, the Company's Annual Reports and circular to shareholders, various announcements made to Bursa Malaysia and attending to shareholders' and investors' emails and phone enquiries.</p> <p>Nevertheless, the Company's Annual General Meeting is use as a primary mode of communication to interact with shareholders and investors.</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	:	Practice 11.2 is applicable to Large Companies. The Company is not defined as a Large Company.	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Since 2016, it has been the practice of the Company to give more than 28 days' notice to its shareholders before its Annual General Meeting is held.	
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	:	<p>All the Directors were present at the previous Annual General Meeting and attended all the questions raised by shareholders.</p> <p>The Board members are committed to attend the forthcoming 47th AGM to be held on 26th December, 2018 and is pleased to address any questions raise by shareholders.</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

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 Company has less than 1,700 shareholders. The AGM is held at a golf club within a short distance to the corporate office and is convenient with public transports.</p> <p>The Company will explore the suitability and feasibility of employing electronic means for poll voting in future.</p> <p>The forthcoming 47th Annual General Meeting will be held at Danau Room, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Wednesday, 26th December, 2018 at 9.30 a.m.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p> <p>The Company had conducted poll voting at the 46th Annual General Meeting held on 27th December, 2017 for all resolutions as set out in the notice of the Annual General Meeting. The poll results of each resolution were announced to Bursa Securities after the Annual General Meeting via Bursa LINK on the same day.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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.

Click here to enter text.

