

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7131
COMPANY NAME : ACME Holdings Berhad
FINANCIAL YEAR : March 31, 2021

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>It is the responsibility of the Board for the stewardship of the Group's business and the creation of long term shareholder values whilst taking into account interests of other stakeholders. In order for the Board to clearly execute its duties and responsibilities along with the roles played by the Board Committees and Management, the Board adopted a Board Charter which sets out the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management, taking into consideration principal responsibilities.</p> <p>The Board Charter is subject to periodic review to ensure that it continues to be relevant and applicable as a reference to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. In addition, the Board Charter also contains formal schedule of matters reserved by the Board for deliberation and decision.</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 Board is led by Mr Lim Shiou Ghay, an Independent Non Executive Chairman. His profile is outlined under the Profile of Directors in the Annual Report 2021.</p> <p>The Chairman of the Board is responsible for leading the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.</p> <p>The Chairman leads the Board in the oversight of management, ensuring adequacy and integrity of the governance process and issues, maintaining regular dialogues with Executive Director and Chief Financial Officer over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and the CEO are held by two different individuals. The Chairman, Mr Lim Shiou Ghay leads the Board and is responsible to ensure the Board effectiveness and conduct.</p> <p>The role of CEO is assumed by the Executive Director, Mr Ooi Soon Hong is to oversee the management of the business and affair of the Group and to implement the Board's decision.</p> <p>There is a clear division of responsibilities between the Chairman and the Executive Director to ensure a balance of power and authority, as stated in the Company's Board Charter, which is available on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Company Secretaries of the Company, Ms Wong Yee Lin and Ms Hing Poe Pyng are qualified and competent to act as Company Secretaries pursuant to Section 235 of the Companies Act 2016. The Company Secretaries play an advisory role to the Board, particularly with regards to the Constitution of the Company, Board policies and procedures and the Company's compliance with regulatory requirements, codes, guidance and legislation.</p> <p>The Company Secretaries ensure that the discussions and deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions. The Company Secretaries update the Board on the follow-up of its decisions and recommendations by the Management.</p> <p>The Company Secretaries constantly keep themselves abreast with the regulatory changes and developments in corporate governance through continuous training. The Board is satisfied with the performance and support rendered by Company Secretaries to the Board in discharging their functions.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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	:	Meeting materials alongside with the meeting agenda and the relevant papers submitted by Management are issued and circulated in time for the members of the Board and Committees at least seven (7) days prior to each meeting. Minutes of meeting taken by the Company Secretaries are circulated to the Board members for confirmation.	
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 Company's Board Charter is available on the official website at http://acmeholdings.com.my/index.php/board-charter/ in which the Board Charter practices have been assimilated into our Company's operations. The Board Charter defines and describes the Board's governance system, policies and procedures that the Board has decided upon to meet its roles and responsibilities.</p> <p>The Board reviewed its Board Charter on 1 March 2021.</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 Company's Code of Ethics is established to uphold its standard for ethical behaviour and spirit of responsibility in line with the legislation for administering a company. The Code of Ethics encompasses policies and procedures which include managing conflicts of interest, preventing abuse of power, corruption, insider trading and money laundering.</p> <p>The existing Code of Ethics can be referred within the Company's official website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company acknowledges the importance of policies and procedures on whistleblowing and thereby, set out a Whistleblowing Policy to delineate whistleblowing procedures as an independent feedback avenue for stakeholders to raise matters of concern in good faith and without fear of reprisal should they require to use the available whistleblowing channels.</p> <p>The details of the procedures are set out within the Whistleblowing Policy.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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	:	As at 31 March 2021, there are four (4) Board members; of which three (3) are Independent Directors and one (1) is an Executive Director. In line with this, the Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent 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	:	None of the Independent Non-executive Directors have served on the Board for a cumulative term of more than nine (9) years.	
Explanation on application of the practice	:		
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 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>In line with the exemplary practice as recommended by the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Company has adopted a tenure policy where the total tenure of the Independent Directors is now capped at nine years. The nine years can either be a consecutive service of nine years or a cumulative service of nine years with intervals.</p> <p>Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. However, the shareholders may, in exceptional cases where the Board is of the opinion that that the Independent Director can continue beyond the 9-year tenure and subject to the assessment of the Nominating Committee, decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine years. The justification may be determined in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a Director's appointment / election at the general meeting.</p> <p>None of the Independent Non-Executive Directors have served the Board for a cumulative term of more than nine years.</p>

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	:	In order to maintain the best interest of the Company, diversity within the Board, Senior Management and all levels of the organisation is applied. In line with this, the Board and Senior Management are appointed based on merit, mix of skills, competencies, experience, professionalism and other relevant qualities which involve age, cultural background and gender to have better governance in 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

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	:	<p>The Board does not set any target on gender diversity. The Board is of the view that the selection of a candidate for the Board should be dependent on the candidate's skills, knowledge, education, qualities, expertise and experience and other qualities in meeting the requirements of the Company regardless of gender.</p> <p>Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place, its procedures and criteria for identifying candidates for appointment of directors. All candidates for appointment are first considered by the Nomination Committee (NC), taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.</p> <p>The Board's procedures in terms of the appointment of Directors are set out under the header of 'Appointment' of the Board Charter.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	Mr Lim Shiou Ghay, the Company's Independent Non-Executive Director chairs the Nomination Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the responsibility of the Nomination Committee (NC) for the overall board effectiveness evaluation process, which includes an assessment of the Board, Board Committees and individual Directors. The appraisal which was carried out through documented questionnaires that comprises quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee was being circulated at the Meeting for assessment.</p> <p>The NC, upon conclusion of the exercise carried out on 28 May 2021, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. Additionally, independent Directors were assessed to be objective in exercising their judgment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a Remuneration Committee (RC) to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key Management personnel. Hence, all remuneration related matters of the Directors and Senior Management are presently subjected to the oversight and management of the Remuneration Committee (RC).</p> <p>Procedures, such as establishing the remuneration framework of the Company, assessing and recommending the remuneration packages for Directors and Senior Management, and other relevant tasks are currently carried out by the RC prior to the necessary reporting to the Board.</p> <p>A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place. The said policy shall be subjected to an annual review as well as to be made available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee, is populated as follow: Mr Lim Shiou Ghay, Chairman, Independent Non-Executive Director Mr Lee Chiong Meng, Member, Independent Non-Executive Director Tan Chee Keong, Member, Independent Non-Executive Director The Committee comprised solely of Independent 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

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 remuneration of Directors is disclosed on named basis in the Corporate Governance Overview Statement of the Company's Annual Report. The remuneration breakdown of Directors includes fees, salary, bonus, Employees Provident Fund, and other emoluments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that the disclosure in accordance with the recommendation of Practice 7.2 is not in the best interest of the Company and has decided to depart from the recommendation in order to alleviate valid concerns on the confidentiality of remuneration packages and given the competitiveness in the employment environment.	
		The Board carries out an annual assessment of the Company's Senior Management in which the performance of each Senior Management personnel will be evaluated and measured against targets set for the year. Upon which, the remuneration packages of these Senior Management will be reviewed in order to establish that the remuneration do appropriately commensurate with their individual performance and structured adequately in order to attract, retain and motivate them to contribute positively towards the Group's performance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	Mr Tan Chee Keong, the Chairman of the Audit Committee, is an Independent Director whereas the Chairman of the Board is Mr Lim Shiou Ghay.	
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	:	Not Applicable	
Explanation on application of the practice	:		
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 Audit Committee (AC) has formalised a policy which stipulates the procedures to assess the suitability, objectivity, and independence of external auditors which encompasses consideration of the nature and extent of non-audit services provided external auditors alongside the appropriateness of the level of fees.</p> <p>During the year, the AC conducted an annual assessment of the external auditors based on the following conditions:-</p> <ul style="list-style-type: none">• the quality of audit procedures and work provided;• the adequacy of experience, technical support and resources;• the independence and objectivity of external auditors;• the internal communication quality of external auditors with the Board and/or AC; and• any other criteria deemed fit by the AC and/or the Board. <p>Additionally, the said policy stipulated circumstances under which contracts for the provision of non-audit services could be entered into and procedures that must be followed by the external auditors. During the year, the external auditors reported the details of the non-audit services rendered which includes tax compliance and the review of the Statement on Risk Management and Internal Control.</p> <p>Furthermore, the external auditors provided a confirmation to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>On 28 May 2021, an annual assessment on the suitability and independence of external auditors was conducted by the AC. The AC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for the financial year ended 31 March 2021, was satisfied with their competency, suitability and independence. The AC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the 31st Annual General Meeting.</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 application of the practice	:	The Audit Committee consists of three (3) Directors, all of whom are Independent Non-Executive Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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”) presently fulfils the requirement set out within the Main Market Listing Requirement – Chapter 15 (Sub-Point 15.09), which stipulates the necessary skills and experiences required to be a member of the Audit Committee (AC).</p> <p>Within the current composition of the AC, the AC members have the necessary financial, commercial expertise, capital markets skills and experiences required to meet their responsibilities and provide an effective level of challenge to Management. On an ongoing basis, the AC members will participate in training and development sessions in order to ensure that the members are educated with the latest developments in accounting and auditing standards, guidelines and practices.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible to maintain a sound and effective system of risk management and internal control in order to safeguard the interest of the Company and its stakeholders. As such, the Board regularly reviews the adequacy and effectiveness of these systems in supporting the Company's strategy and operations to achieve any targeted objectives.</p> <p>In order to be effective in discharging these responsibilities, the Board is assisted by the Audit Committee which functions as an oversight body to review controls and systems in general and to carry out on- going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.</p> <p>In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.</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 9.2

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>During the year, an assurance is provided by the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the year under review and up to the date of this Statement to the Board. Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and the risk management is considered adequate for the Group's business operations.</p> <p>The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly within 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 9.3 - 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	:	Adopted
Explanation on application of the practice	:	<p>The Board had on 19 August 2021 established a Risk Management Committee, the composition of the Risk Management Committee is as follows:</p> <p>Mr Lee Chiong Meng, Chairman, Independent Non-Executive Director Mr Ooi Soon Hong, Member, Executive Director Mr Lim Shiou Ghay, Member, Independent Non-Executive Director Tan Chee Keong, Member, Independent Non-Executive Director</p> <p>The Committee comprised mainly of Independent Directors.</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 10.1

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>As disclosed within the Terms of Reference of the Audit Committee (AC), one of the primary responsibilities of the AC is to administer the review and assessment of the Company's internal audit function.</p> <p>The internal audit function is currently outsourced to an external professional firm/service provider who reports directly to the AC, i.e. by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures.</p> <p>On an annual basis, the AC carries out an assessment on the performance of the outsourced internal audit function and reports such assessment to the Board.</p> <p>Details of the internal audit function and activities relevant to the discharge of the AC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report of the Company's Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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>The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.</p> <p>The internal auditors adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system. The activities of the internal auditors during the financial year are set out in the AC Report in this 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

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 Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information/results are made available through timely announcements and disclosure, executed via the Bursa Securities website, the Company's webpage, press releases and annual reports in line with the disclosure requirements of LR.</p> <p>Additionally, the Company emphasises on providing a principal platform for dialogue and interactions with stakeholders, i.e. primarily its shareholders, through its Annual General Meeting. The Annual General Meeting serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Not Applicable	
Explanation on application of the practice	:		
Explanation for departure	:	Not Applicable.	
		The Company is not a Large Company as defined by the Malaysian Code of Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice for the Company's 31 st Annual General Meeting ("AGM") will be issued on 23 August 2021 whilst the AGM will be held on 22 September 2021. Therefore, the notice period is not less than 28 days as recommended by the Malaysian Code on Corporate Governance.	
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, Nomination, 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 of the Company attend General Meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending General Meetings.</p> <p>At the 30th Annual General Meeting (AGM) of the Company held on 28 September 2020, all the Directors attended the AGM.</p> <p>The Chairman of Audit Committee, Nomination Committee were available at the 2020 AGM to take any relevant questions.</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	:	Applied
Explanation on application of the practice	:	<p>Based on an analysis of the investors, the Company does not have a large number of shareholders. A large majority of investors are Malaysians. Further, all general meetings are held at a hotel, which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.</p> <p>However, the Company will be hosting its first fully virtual general meeting at its forthcoming AGM to facilitate voting in absentia and remote participation by shareholders.</p> <p>Shareholders are encouraged to attend the forthcoming AGM through the remote participation and voting (RPV) facilities via the online platform stated in the notice of AGM.</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	:	

**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.

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