

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7889  
**COMPANY NAME** : THRIVEN GLOBAL BERHAD  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the oversight and overall management of the Company. To ensure the effective discharge of its functions and responsibilities, specific powers of the Board are delegated to the relevant Board Committees, Executive Committee and the Management Team led by the Group Managing Director. The Board has in place, business authority limits which sets out relevant matters which the Board has delegated to the Management Team led by the Group Managing Director. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.</p> <p>There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of major investments, changes to the management and control structure of the Company and issues in respect of key policies, procedures and authority limits. The Executive Directors and the Management are tasked to ensure compliance with this.</p> <p>The Board Committees are the Audit And Risk Management Committee ("ARMC"), the Nomination Committee ("NC") and the Remuneration Committee ("RC"), all of which operate within defined terms of reference. Members of the Executive Committee are the Executive Chairman, the Group Managing Director, the Executive Director and the Group Chief Financial Officer.</p> <p>A Corporate Code of Conduct, formalised in 2013 by the Board, provides guidance for Directors, senior executives and other employees on the standards expected on them in the conduct of business. Directors and employees are required to uphold high standards of integrity in discharging their duties and to comply with the relevant laws and regulations.</p>

The Board Charter and Corporate Code of Conduct, which was formalised in 2013 and revised in March 2018 to be in line with the Malaysian Code on Corporate Governance 2017 (“MCCG”), set out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication. The Charter which serves as a source of reference for new Directors, will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

The Board sets key performance indicators for the Company before the beginning of each financial year and the performance of the Company and the Management will be reviewed by the Board at the end of each financial year.

Strategic business planning is left to the Executive Directors and Senior Management of the Group, who in turn, provide an overview of the proposed plan before implementing the same, the resulting plan and update on key issues to the Board. The Board is kept informed of the plans and important development via email, memorandum or circular for the Board’s noting or approval, where applicable.

The Board is also kept abreast of the Group’s business performance through a comprehensive set of financial and business update reports; and updates on major business transactions presented by the Management. Heads of Department are invited to attend the Board meetings to facilitate direct communication as well as to answer or provide clarification on queries.

The ARMC oversees the risk management framework of the Group. The ARMC assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group and advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the Group.

The ARMC, with the assistance of the internal auditors, reviews the internal controls of the Group to maximise the protection of its assets and its shareholders’ investment.

The NC and RC are responsible to ensure that there is an effective and orderly succession planning for senior management. Although there is no formal (documented) board or key senior management succession plan, the Company had identified its talent pool and constantly monitor and review the salaries of senior management based industry / market standard to retain talents within the Group through the policies and procedures to determinate the remuneration of the directors and senior management, which is available on the Company’s website ([www.thriven.com.my](http://www.thriven.com.my)).

	<p>The Company had embarked on documenting and will finalise the documentation for the board and senior management succession plan policies.</p> <p>The Board's relationship with investors and shareholders as well as the communication policy were included under item 9 of the Board Charter. The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance.</p> <p>The Marketing Communications Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.</p> <p>The Company has a website at <a href="http://www.thriven.com.my">www.thriven.com.my</a> from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, <a href="mailto:ir@thriven.com.my">ir@thriven.com.my</a>.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

## Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Executive Chairman, Datuk Fakhri Yassin bin Mahiaddin is primarily responsible for the overall leadership and functioning of the Board.</p> <p>The Chairman's primary role is to lead the Board in the oversight of Management and is responsible for ensuring the integrity and effectiveness of the governance process of the Board.</p> <p>The key roles of the Chairman are specified under item 4.1 of the Board Charter, amongst others, are as follows:</p> <ol style="list-style-type: none"><li>i. Provides leadership for the Board so that the Board can perform its responsibilities effectively by ensuring the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that the Board decisions taken are in the best interest and fairly reflect the Board's consensus and ensure that procedures are in place to govern the Board's operations.</li><li>ii. Plans the Board Meeting agenda in advance alongside with the Group Managing Director and Company Secretaries and ensure that the provision of accurate, timely and clear information to the Board members. The Chairman also ensures that the Board members are properly briefed on issues arising at board meetings in a timely manner.</li><li>iii. Act as facilitator at Board meetings to ensure that adequate time is available for thorough deliberations of key issues and that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.</li><li>iv. Encourages active participation of the Board members and allows dissenting view to be freely expressed by ensuring that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.</li><li>v. Manages the interface between the Board and the Management by acting as the main conduit as well as develop positive relationship with the Group Managing Director.</li><li>vi. Acts as a spokesperson for the Board and as the main representative of the Company alongside with the Group Managing Director at the shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company to ensure appropriate steps are taken to provide effective communication with the stakeholders.</li></ol>

	<p>vii. Leads the Board in establishing and monitoring good corporate governance practices in the Company including the establishment of Board and Committees Charters, committee structure, induction as well as ongoing education programmes for directors and oversees and facilitates Board, Committee and Board Member evaluation reviews and succession planning alongside with the Chairman of the Nomination Committee.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The positions of Chairman and Managing Director are held by different individuals, Datuk Fakhri Yassin bin Mahiaddin as the Chairman and Ghazie Yeoh bin Abdullah as the Managing Director.  The roles of the Chairman, Group Managing Director and the Executive Director are specified under item 4 of the Board Charter.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Seet Wan Sing, a member of the Malaysian Bar, served as the joint company secretary of the Company since 30 April 2015. Whereas Ms. Tan Lai Hong, a registered member of MAICSA, was appointed the joint company secretary of the Company on 23 February 2016.</p> <p>At least one (1) of the joint company secretaries was present at all meetings of the Board and Board Committees held throughout Financial Year Ended 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Meeting materials were prepared and circulated to the board and board sub-committees a week before the meeting (in accordance with the Company's Constitution) to enable the Directors to prepare for board meetings. A complete set of board papers for all board and board sub-committee meetings convened is retained by the joint (in-house) company secretary.</p> <p>Minutes of meetings are prepared and circulated to the directors prior to the subsequent meeting for confirmation. Signed copies of confirmed minutes are maintained in the respective minutes books maintained by the company secretaries.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter is published on the Company's website. The Board Charter addressed the functions, purpose and role of the board, chairman, executive directors, board committees and the company secretary; composition and board balance; appointment of directors; directors' training; tenure of directors; remuneration of directors; financial reporting; annual general meetings, investor relations and shareholder communication.</p> <p>The roles of the Chairman and Executive Directors are stipulated under item 4 of the Board Charter.</p> <p>The schedule of issues and decisions reserved for the Board are stated under item 3.1.5 of the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board had established a Corporate Code of Conduct which was made available on the Company's website. Employee Conduct was addressed in the revised Employee Handbook approved by the Board in November 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group incorporated a Whistleblowing Policy in its 2016 Employee Handbook (which was revised in November 2019). Subsequent to that, an expanded policy and procedure flowchart on whistleblowing was established and approved for implementation is made available on the server and may be accessed by employees who have access to the office network.</p> <p>The said policy and procedure flowchart are made available on the Company's website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board comprises of three (3) Independent Non-executive Directors, three (3) Executive Directors and one (1) Non-Independent Non-Executive Director, which complies with the Main Market Listing Requirement.	
		The Board, through the Nomination Committee, is in the midst of identifying suitable candidate to be appointed as an independent non-executive director to comply with Practice 4.1.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	<p>The tenure of two (2) Independent Directors have exceeded a cumulative term limit of nine (9) years.</p> <p>The Nomination Committee assess the suitability and independence of the affected directors prior to making a recommendation through the Board for shareholders' approval to retain them as independent directors at the Annual General Meeting. The Summary of Findings from the review is disclosed to the shareholders for them to make an informed decision.</p> <p>Two (2) of the Independent Directors have served beyond twelve (12) years and the Board will to seek shareholders' approval through a two-tier voting process.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>A formal procedure and process for the nomination and appointment of new Directors has been established in 2014, as follows:-</p> <ol style="list-style-type: none"><li>i. The Nomination Committee will assess and identify the skills required for the Board of Directors, taking into consideration the diversity factor, including but not limited to age, race, gender, experience and skills.</li><li>ii. Candidates may be nominated by the Chairman, Director, senior management or shareholders of the Company.</li><li>iii. Obtain the profile/curriculum vitae and relevant information from the candidate and Nomination Committee will conduct interview with the candidate (if necessary).</li><li>iv. Table the candidate's profile/curriculum vitae and relevant information to the Nomination Committee for deliberation and assessment, based on the following:-<ul style="list-style-type: none"><li>• Background, character, competence, integrity and time commitment (i.e. number of directorships and other positions that involve significant time commitment);</li><li>• Qualifications, skills, expertise and experience;</li><li>• Professionalism; and</li><li>• In the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from them, will be evaluated.</li></ul></li><li>v. The Nomination Committee will recommend the appointment to the Board of Directors for approval upon deliberation and assessment.</li><li>vi. A formal invitation to join the Board of Directors will be extended by the Chairman after approval by the Board.</li><li>vii. The Company Secretaries to prepare the relevant documentation required under the Companies Act, 2016, Bursa Main Market Listing Requirements and other applicable regulations for the candidate's execution.</li></ol>



	viii. The Company Secretaries will then arrange for induction programme and Mandatory Accreditation Programme for the newly appointed Director.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board had disclosed its Corporate Governance Statement in the Annual Report 2019 that it has taken cognisance of the recommendation to have gender diversity on the Board and will, through its Nomination Committee ("NC"), take steps to ensure that women candidates are sought as part of its recruitment exercise.  As at 31 December 2019, 39.77% of the Company's employees are women.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	A formal procedure and process for the nomination and appointment of new Directors has been established in 2014. Candidates are not confined to recommendations from existing board members, management or major shareholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mr. Rewi Hamid Bugo, an Independent Non-Executive Director. The composition of the Nomination Committee is as follows:-  a) Mr. Rewi Hamid Bugo (Chairman) b) Mr. Lim Kok Beng (member) c) Mr. Henry Choo Hon Fai (member)	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee performed the annual evaluations on performance of individual directors and the Board as a whole comprising performance evaluation of the Board and Board Committees; Directors’ self and peer evaluation; and self- assessment of independence performed by the Independent Directors. The company secretary compiled the results of the all three (3) evaluations mentioned above for the Nomination Committee deliberation.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 6.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The policies and procedures to determinate the remuneration of the directors and senior management is made available on the Company's website ( <a href="http://www.thriven.com.my">www.thriven.com.my</a> ) and will be reviewed from time to time.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The board has a Remuneration Committee ("RC") comprised of three (3) independent non-executive directors, as follows:-</p> <ul style="list-style-type: none"><li>i. Mr. Rewi Hamid Bugo (Chairman)</li><li>ii. Mr. Lim Kok Beng (Member)</li><li>iii. Mr. Henry Choo Hon Fai (Member)</li></ul> <p>The RC has established a written Terms of Reference, which outlines its functions; members' powers and authority; and duties and responsibilities. The Terms of Reference are disclosed on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Detailed disclosure on named basis for the remuneration of individual directors with breakdown of individual directors' fees, salary, bonus, benefits in-kind and other emoluments are disclosed in the Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Annual Report 2019 discloses on a named basis the top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit And Risk Management Committee (“ARMC”) and the Chairman of the Board are held by two (2) different individuals.</p> <p>The ARMC is chaired by Mr. Lim Kok Beng, the Senior Independent Non-Executive Director whereas the Chairman of the Board is Datuk Fakhri Yassin bin Mahiaddin, the Executive Chairman of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	A former key audit partner may be appointed as a member of the Audit Committee provided a cooling-off period of at least two (2) years is met. This practice has already been incorporated into the Terms of Reference of the Audit And Risk Management Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit And Risk Management Committee ("ARMC") is required by its Terms of Reference to assess and monitor the performance, suitability, objectivity and independence of the external auditor annually.</p> <p>The assessment would consider among others:-</p> <ul style="list-style-type: none"><li>i. the competence, audit quality and resource capacity of the external auditor in relation to the audit;</li><li>ii. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and</li><li>iii. obtaining writing assurance from the external auditors confirming 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.</li></ul> <p>During financial year under review, the ARMC met up with the external auditors, Messrs. BDO PLT, three (3) times in the absence of the Management. The external auditors provided a confirmation to the 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. The ARMC has monitored and reviewed the performance and independence of the external auditors and is satisfied that BDO has been independent throughout the conduct of the audit process and the audit services rendered have met the expectation of the ARMC.</p> <p>Pursuant to the assessment of BDO, the ARMC is satisfied with the suitability and independence of BDO and has recommended to the Board to seek shareholders' approval for BDO's re-appointment for the financial year ending 31 December 2020.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit And Risk Management Committee comprised of two (2) independent non-executive directors and one (1) non-independent non-executive directors, whom amongst them possess a mix of skills, experience and qualification ranging from chartered accountant, chief financial officer, directors of several private companies and public companies. Financial literacy is part of their qualifications and line of work.  All directors undertake continuous professional development as prescribed in the Board Charter and the Main Market Listing Requirements.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group had formed an Executive Risk Management Committee ("ERMC") comprising the Group MD, the Group CFO, the Managing Director of Northern Region, Senior Managers and Heads of Departments. The ERMC's Terms of Reference, risk management policies and framework were established and approved for implementation on 30 May 2017.</p> <p>The Group has created a risk register to identify, quantify and catalogue the various potential risks of the Group. The risk register of the Group was updated from time to time and presented to the Audit And Risk Management Committee for its review and discussion and thereafter, the same will be presented to the Board for notation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of the Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	On 28 February 2018, the Audit Committee was renamed as Audit And Risk Management Committee ("ARMC") to reflect the ARMC's role to support the Board in fulfilling its responsibility in governance of the Company's risk management matters, in line with the recommendation of the MCCG. The ARMC now comprises of three (3) members, two (2) of whom are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is out-sourced to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional services firm which is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia. The Executive Director in-charge of the engagement, in her capacity as the head of the internal audit function, is also an individual member of the IIA.</p> <p>On an annual basis, CGRM provides the Board with a signed declaration of competency and list of trainings attended by the audit engagement team.</p> <p>The internal audit charter was approved by the Audit Committee in 29 March 2016 and stipulates, amongst others, the internal auditors' role, scope and authority, organisation status and reporting structure, independence and objectivity and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is outsourced to an independent, specialist internal audit professional services firm.</p> <p>The engagement team comprised of one (1) engagement director, one (1) quality control reviewer and two (2) internal auditors.</p> <p>The engagement director holds the Certified Internal Audit designation and is a Chartered Member of the Institute of Internal Auditors, USA.</p> <p>The internal audit fieldwork and reporting were carried out with reference to the International Professional Practice Framework for Internal Audit; International Standards for the Professional Practices of Internal Auditing, the IIA Code of Ethics and the COSO Framework for Internal Controls.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Section 10 of the Board Charter outlined the Board’s communication policy in respect of shareholders and the public.</p> <p>The corporate website contained a dedicated “Investor Relations” (“IR”) link through which a repository of the Company’s annual and quarterly reports as well as financial statements and latest announcements may be accessed.</p> <p>Further links to access the Board Charter; Corporate Code of Conduct; Terms of Reference of the Audit And Risk Management, Remuneration and Nomination Committees; results of the Annual General Meetings; sign up email alerts and the IR Contact were provided.</p> <p>The Marketing Communications Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group’s business activities, performance and major developments, as and when necessary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not fall within the definition of Large Companies.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	The date of 31st Annual General Meeting has yet to be determined and as such, the notice of 31st Annual General Meeting has yet to be issued.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	All Directors (except for Mr. Henry Choo Hon Fai, an Independent Non-Executive Director), attended the 30th Annual General Meeting held on 13 June 2019.	
		At the Annual General Meeting, there was a Questions and Answers session whereby the Chairman of the Board invited the shareholders to raise any question pertaining to the Company at the meeting. The Chairman of the Board as well as the Chairman of the Audit And Risk Management Committee, Remuneration Committee and Nomination Committee were present at the 30th Annual General Meeting to provide meaningful response to any question raised by shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has less than 4,000 shareholders and does not hold meeting in remote location.	
		In the event that the Company has more than 5,000 shareholders or decide to hold meeting in remote location, the Company shall endeavour to leverage technology to facilitate voting in absentia and remote shareholders’ participation.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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

Not applicable.
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