

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0096
COMPANY NAME : NEXGRAM HOLDINGS BERHAD
FINANCIAL YEAR : July 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes full responsibility for the performance of the Group. The Board's duties and responsibilities, including but not limited to, determining the Group's overall strategic plans, performing periodic review of business and financial performance, engaging in succession planning, reviewing the adequacy and the integrity of the management information and internal control systems of the company, as well as adopting practical risk management and internal controls for the Group.</p> <p>The Executive Director is responsible for the overall performance and operations as well as the corporate affairs and administration of the Group. He is assisted by the Key Management of the Group in managing the business activities of the Group towards achieving strategic goals and objectives in the manner that is consistent with the policies, procedures and practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.</p> <p>The Non-Executive Directors are independent from the management and majority shareholders. They play an important role in contributing their expertise and experiences to give independent judgement to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.</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	:	The roles and responsibilities of the Executive Chairman and Executive Director are distinct, separate and clearly defined. The Executive Chairman holds the principle obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Chairman is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not appoint any Chief Executive Officer, the roles and responsibilities of the Chief Executive Officer is currently carried out by the Executive Chairman and Executive Directors to be overall in charge on the Group's management, business operations, corporate services function, finance and accounting, human resources and information technology.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by a qualified and competent Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary provides support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, she plays an advisory role to the Board, particularly with regards to the Company's Articles, Board's policies and procedures as well as its compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.</p> <p>The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Group</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	:	<p>In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from the various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year.</p> <p>Reasonable notice of meeting and the agenda together with previous minutes and other relevant information were circulated to all directors via email at least seven (7) days prior to the meetings, in order to enable the directors to be well informed and briefed before the meetings.</p> <p>Besides that, all the Directors have full and free access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman.</p> <p>The Board also exercises control on matters that require its approval through the circulation of resolutions at board meetings. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.</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 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>A Board Charter was formalised to set out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members are aware of their duties and responsibilities as Board members.</p> <p>The Board will periodically review the Board Charter and make necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices. A copy of the Board Charter is available on the Company's website at www.nexgram.co.</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	:	The Board recognizes the need and importance of formalising and committing to ethical values through a code of conduct to ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. The Code of Ethics and Conduct had been uploaded on the Company's website at www.nexgram.co .	
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 Board is committed to achieve and maintaining high standards of corporate governance practices across the Group. A Whistle-blowing policy is implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. It also outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith.</p> <p>Further details pertaining to the Whistle-blowing Policy can be found at the Company's website at www.nexgram.co.</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 4.1

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	:	<p>For the financial year ended 31 July 2018, the Board of six (6) Directors is made up of one (1) Non-Independent Executive Chairman, one (1) Executive Director, three (3) Independent Non-Executive Directors, and one (1) Non-Independent Non-Executive Director.</p> <p>The Board believes that the current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.</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 4.2

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	:	Not applicable - No independent director(s) serving beyond 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	:	Not Adopted
Explanation on adoption of the practice	:	In compliance with the recommendations of Malaysian Code On Corporate Governance, all of the Independent Directors of the Company has tenure not exceeding a cumulative term of nine (9) years.

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	:	Taking cognisance of the values of human capital and talent management in the growth and sustainability of the Group, the Executive Chairman and the Executive Director are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Executive Chairman and Executive Director shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Executive Chairman and Executive Director take into account the candidate's qualification, experience, competence and character. Newly appointed key senior management will have to undergo induction training and/or any other programs in the manner as stipulated in the Group's Human Resource Manual.
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	:	The Board has no specific policy on gender and age for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates’ competency, character, time commitment, integrity and experience in meeting the needs of the Company. The Nomination Committee, will however continue to take steps to ensure that gender and age of the candidates will be taken into consideration as part of its recruitment exercise.	
<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	:	Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. Potential candidates may be proposed by any current Board member, shareholder or senior management personnel or by utilising independent sources such as recruitment firms or through industry associations. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate’s criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.	
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 Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied												
Explanation on application of the practice	:	<p>The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Director. The Committee meets as and when required, at least once a year. During the financial year, four (4) meeting was carried out, with attendance as follows:</p> <table border="1"><thead><tr><th><u>Name of Director</u></th><th><u>Designation</u></th><th><u>No. of Meetings Attended</u></th></tr></thead><tbody><tr><td>Mr Zaharin Bin Ahmad Zamani (Independent Non-Executive Director)</td><td>Chairman</td><td>4/4</td></tr><tr><td>Mr. Fu Lit Fung (Non-Independent Non-Executive Director)</td><td>Member</td><td>4/4</td></tr><tr><td>Mr. Helmi Faisal Bin Fuad (Independent Non-Executive Director)</td><td>Member</td><td>4/4</td></tr></tbody></table>	<u>Name of Director</u>	<u>Designation</u>	<u>No. of Meetings Attended</u>	Mr Zaharin Bin Ahmad Zamani (Independent Non-Executive Director)	Chairman	4/4	Mr. Fu Lit Fung (Non-Independent Non-Executive Director)	Member	4/4	Mr. Helmi Faisal Bin Fuad (Independent Non-Executive Director)	Member	4/4
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Explanation for departure	:													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:													
Timeframe	:													

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.
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 Board Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.</p> <p>In making its recommendation, the Remuneration Committee considered the principles set out in the Board Remuneration Policy. Board remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.</p> <p>All Executive Directors and key Senior Management are subject to an annual performance process. The individual performance rating serves as a basis to determine their variable compensation payments and thereby rewards individual performance. The Board Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.</p>

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

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied									
Explanation on application of the practice	:	<p>The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Term of Reference which is available on the Company's website www.nexgram.co.</p> <p>The Remuneration Committee comprises mainly Independent Non-Executive Directors as follows: -</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Zaharin Bin Ahmad Zamani (Independent Non-Executive Director)</td> <td>Chairman</td> </tr> <tr> <td>Mr. Fu Lit Fung (Non-Independent Non-Executive Director)</td> <td>Member</td> </tr> <tr> <td>Mr. Helmi Faisal Bin Fuad (Independent Non-Executive Director)</td> <td>Member</td> </tr> </tbody> </table>		Name of Director	Designation	Mr Zaharin Bin Ahmad Zamani (Independent Non-Executive Director)	Chairman	Mr. Fu Lit Fung (Non-Independent Non-Executive Director)	Member	Mr. Helmi Faisal Bin Fuad (Independent Non-Executive Director)	Member
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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	:	<p>The details of individual Directors' remuneration are as follows:-</p> <p><u>Group Level</u></p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Fees/ Salaries and Other Emoluments (RM)</th> <th>Bonus (RM)</th> <th>EPF and SOCSO (RM)</th> <th>Benefits in Kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td>Helmi Faisal Bin Fuad</td> <td>39,200</td> <td>-</td> <td>-</td> <td>-</td> <td>39,200</td> </tr> <tr> <td>Fu Lit Fung</td> <td>38,400</td> <td>-</td> <td>-</td> <td>-</td> <td>38,400</td> </tr> <tr> <td>Zaharin Bin Ahmad Zamani</td> <td>39,200</td> <td>-</td> <td>-</td> <td>-</td> <td>39,200</td> </tr> <tr> <td>Dato' Yip Kum Fook</td> <td>19,700</td> <td>-</td> <td>-</td> <td>-</td> <td>19,700</td> </tr> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>Dato' IR Lim Siang Chai</td> <td>118,000</td> <td>-</td> <td>-</td> <td>-</td> <td>118,000</td> </tr> <tr> <td>Haji Mazru Bin Mat Yusof</td> <td>246,000</td> <td>-</td> <td>28,549</td> <td>-</td> <td>274,549</td> </tr> </tbody> </table>					Name of Directors	Fees/ Salaries and Other Emoluments (RM)	Bonus (RM)	EPF and SOCSO (RM)	Benefits in Kind (RM)	Total (RM)	Non-Executive Directors						Helmi Faisal Bin Fuad	39,200	-	-	-	39,200	Fu Lit Fung	38,400	-	-	-	38,400	Zaharin Bin Ahmad Zamani	39,200	-	-	-	39,200	Dato' Yip Kum Fook	19,700	-	-	-	19,700	Executive Directors						Dato' IR Lim Siang Chai	118,000	-	-	-	118,000	Haji Mazru Bin Mat Yusof	246,000	-	28,549	-	274,549
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		<u>Company Level</u>					
		Name of Directors	Salaries and Other Emoluments (RM)	Bonus (RM)	EPF and SOCSO (RM)	Benefits in Kind (RM)	Total (RM)
		Non-Executive Directors					
		Helmi Faisal Bin Fuad	39,200	-	-	-	39,200
		Fu Lit Fung	38,400	-	-	-	38,400
		Zaharin Bin Ahmad Zamani	39,200	-	-	-	39,200
		Dato' Yip Kum Fook	19,700	-	-	-	19,700
		Executive Directors					
		Dato' IR Lim Siang Chai	118,000	-	-	-	118,000
		Haji Mazru Bin Mat Yusof	15,000	-	-	-	15,000
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 details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities and linked to 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	:	The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is chaired by the Independent Non-Executive Director Mr. Helmi Faisal Bin Fuad whereas the Board is chaired by the Executive Chairman Dato' IR Lim Siang Chai.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the Audit 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

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	:	The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee comprises wholly of Independent Non- Executive Directors. The Audit Committee Report is set out separately in the Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.</p> <p>The Audit Committee consists of the following members:</p> <ul style="list-style-type: none">(a) Mr. Helmi Faisal Bin Fuad (Independent Non-Executive Chairman)(b) Mr. Zaharin Bin Ahmad Zamani (Independent Non-Executive Director)(c) Dato' Yip Kum Fook (Independent Non-Executive Director) – <i>resigned with effect from 13 November 2018</i>

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	:	The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC. All members are able to read the financial report including the accounting and auditing standards, practices and rules. During the financial year, the Audit Committee members had participated in various training programs to enhance their knowledge and embed with wide range of necessary skills to discharge their duties as follows:-															
		<table border="1"><thead><tr><th>Name of Directors</th><th>Date</th><th>Seminar / Training Course Title</th></tr></thead><tbody><tr><td>Helmi Faisal Bin Fuad</td><td>21.08.2018</td><td>Sales Tax Services Tax and Price Control and Anti Profiteering - Latest Updates</td></tr><tr><td rowspan="4">Zaharin Bin Ahmad Zamani</td><td>08.08.2017</td><td>1st NAPREC Industry Session</td></tr><tr><td>16.08.2017</td><td>2nd NAPREC Industry Session</td></tr><tr><td>24.10.2017</td><td>Seminar in Real Estate 2017 - Managing Uncertainties: Strategies For Surviving and Thriving in Real Estate</td></tr><tr><td>25.10.2018</td><td>MIPFM Conference 2018: Bridging PM and FM</td></tr></tbody></table>	Name of Directors	Date	Seminar / Training Course Title	Helmi Faisal Bin Fuad	21.08.2018	Sales Tax Services Tax and Price Control and Anti Profiteering - Latest Updates	Zaharin Bin Ahmad Zamani	08.08.2017	1st NAPREC Industry Session	16.08.2017	2nd NAPREC Industry Session	24.10.2017	Seminar in Real Estate 2017 - Managing Uncertainties: Strategies For Surviving and Thriving in Real Estate	25.10.2018	MIPFM Conference 2018: Bridging PM and FM
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25.10.2018		MIPFM Conference 2018: Bridging PM and FM															
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 fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.</p> <p>As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board also acknowledges that the Group's business activities involve some degree of risk that may affect the achievement of its business objectives and an effective risk management should be an integral part of the Group's daily operations.</p> <p>It is the responsibility of key management personnel which is the head of subsidiary companies to identify, evaluate and manage risks faced by the Group on an on-going basis within defined parameters. The deliberation of risks and related mitigating responses are carried out at regular management meetings attended by the Executive Directors and key management personnel. Significant risks are communicated to the Board at the quarterly scheduled meetings. The practices and initiatives by Management serve as an on-going process adopted by the Group to continuously review, identify, evaluate and manage risks faced by the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Currently, the Board is assisted by the Audit Committee in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has outsourced the internal audit. The audit was performed and reviewed all operating units within the Group, with emphasis on principal risks areas. Risk based approach was adopted towards planning and conducts of audits which are partly guided by the Corporate Risk Management framework.</p> <p>The independent internal audit function is reporting directly to the Audit Committee. To ensure that the responsibilities of internal auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies 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 Group’s internal audit function is outsourced to an independent professional firm, to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing and assessing the adequacy and effectiveness of the Group’s risk management and internal control systems. The Internal Auditors reports directly to the Audit Committee, which in turn report to the Board.</p> <p>In performing its duties, the Internal Auditors has free and unfettered access to information and to meet with any of the department heads or persons-in-charge. The identified audit issues are followed up by the Internal Auditors and the status is reported to the Audit Committee.</p> <p>During the financial year under review, the Internal Auditors has performed the Risk Assessment for PT Goldchild Integritas Abadi (“PTGIA”) in an unquoted investment held by its wholly-owned subsidiary namely Nexgram Emerging Capital Limited (BVI). Through the Internal Auditor review, assessed and commented on the risk of the investment in PTGIA and provided recommendations for the investment pertaining to the risk measurement and control. The Board continues to take measures to strengthen the control environment of the Group</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	:	The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures the timely release of the quarterly financial results, press releases and corporate announcements that are made to its shareholders and investors, are clear, unambiguous, succinct, accurate, and contains sufficient and relevant information to enable shareholders and investors to make informed investment decisions.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Not Adopted	
Explanation on application of the practice	:		
Explanation for departure	:	The Company would consider adopting integrated reporting based on a globally recognised framework in the near future.	
<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	:	<p>The Notice of Annual General Meeting for year 2018 (“AGM”) to be held on 28 December 2018 was served on 29 November 2018.</p> <p>Given the significance of general meetings, the notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of the business to be transacted at the 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	:	With effect from	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All the directors will present themselves at the AGMs. The Audit Committee Chairman, the Nomination Committee Chairman and the Remuneration Committee Chairman were being informed that questions relating to the Committee under their purview will be addressed by them accordingly.	
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>The AGM of the Company is being held at location in the city area and accessible via public transport. In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.</p> <p>The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.</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	:	

**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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