

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1929
COMPANY NAME : Chin Teck Plantations Berhad
FINANCIAL YEAR : August 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 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.

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 retains full and effective control of the Company and is responsible for the proper conduct of the business and overall performance of the Company.</p> <p>The Board focuses mainly on strategies, performance and critical business issues.</p> <p>In discharging its fiduciary duties and responsibilities, the Board is guided by the prevailing legal and regulatory requirements as well as the policies of the Company.</p> <p>The Board has formulated and adopted a charter ('Board Charter') which sets out its functions, inter-alia, the duties and responsibilities of the Board and the Management. The Board Charter also provides guidance for Directors and the Management.</p> <p>The Board has nine members comprising an Executive Chairman, a Senior Executive Director, four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. There is an alternate director on the Board. The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Listing Requirements') that requires at least two directors or one third of the Board, whichever is higher, to be independent directors.</p> <p>Five meetings of directors were held during the financial year ended 31 August 2018. ('FY2018'). The attendance of each director are disclosed in the Profile of Directors as enclosed in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board is Mr Goh Wei Lei who is responsible for instilling good corporate governance practices, leaderships and effectiveness of the Board. He provides strategic leadership within the Board, exercises oversight of the senior management of the Company.</p> <p>The Executive Chairman is responsible to ensure the effectiveness, conduct, integrity and governance of the Board. Besides, he also ensures orderly conduct and proceedings of the meetings of the Board and shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>Mr Goh Wei Lei, the Executive Chairman functions both as Chairman of the Board and Executive Director. He is assisted by the Senior Executive Director and to ensure effective discharge of functions and responsibilities, authorities and discretion are delegated to the Senior Executive Director. They collectively implement the business strategy, operating plan as well as Board policies and decisions besides, they are to ensure effective operation within the Group. The Senior Executive Director briefs the Executive Chairman and the Board on key matters pertaining to the Group.</p> <p>The Board is mindful of the combined roles held by the Chairman historically. However, the Board is comfortable that there is no undue risk involved as Board culture dictates that the Senior Executive Director will be informed and consulted before the Executive Chairman makes any significant decision and all major matters and issues are referred to the Board for considerations and approvals. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgment and check and balance on the Board. Furthermore, all related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Besides, the Board believes that the interests of shareholders are best served by the Executive Chairman, who will act in the best interests of the shareholders as a whole since he is representing a major shareholder who has substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable. The Company is not a large company.
Timeframe	:	Choose an item.

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	:	The Company Secretary is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and satisfies the qualification as prescribed under Section 235(2) of the Companies Act 2016.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	Notice of meeting setting out the agenda and relevant meeting materials are given to the directors with sufficient time for them to review. Minutes of meetings are prepared by the Company Secretary and circulated to all directors for their review and confirmed by the Board and signed as a correct record by the Chairman of the succeeding meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has formulated and adopted a charter ("Board Charter") which sets out its functions, inter-alia, the duties and responsibilities of the Board and the Management. The Board Charter also provides guidance for Directors and the Management. The Board Charter is reviewed annually to ensure its relevance and compliance and is accessible through the Company's website.	
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 has established a code of business conduct ('Code of Conduct') to be complied with by the directors and members of the management. The Code of Conduct is in addition to any other obligations that are imposed on the directors by any applicable rules, laws and regulations. The Code of Conduct is accessible through the Company's website.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has yet to formally adopt a whistleblowing policy. However, it is currently reviewing the situation.	
		Currently, staff concerns are channelled through the managerial grid	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board has nine members, comprising an Executive Chairman, a Senior Executive Director, four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors.
		The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two directors or one third of the Board, whichever is higher, to be independent directors
		The Board believes that the present composition of the Board provides an effective Board with a mix of business experience, general management and accounting and finance.
		The Non-Executive Directors have broad business and commercial experience. The Independent Directors are actively involved in various Board Committees and they provide independent assessment and opinion.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable. The Company is not a large company.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board noted the tenure of an independent director should not exceed a cumulative term limit of nine years.</p> <p>The Board is of the view that the tenure of service should not be solely used to measure the ability of the long serving independent directors to remain independent and to discharge their duties with integrity and competency.</p> <p>Mr Sio Sit Po and Mr Keong Choon Keat have served as Independent Directors for more than twelve years.</p> <p>The Board have determined that Mr Sio Sit Po and Mr Keong Choon Keat remain objective and independent-minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the of the Company. Additionally, they fulfil the definition of independent directors of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. More importantly, the Board trust that they are able to discharge their duties independently with integrity and competency.</p> <p>At the annual general meeting ('AGM') held on 30 January 2018, the Company had obtained the respective approval of shareholders to retain Mr Sio Sit Po and Mr Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office until the conclusion of the forthcoming AGM. The Board would like to continue to retain Mr Sio Sit Po and Mr Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office as Independent Non-Executive Director for another one year term with effect from the passing of the resolutions proposed at the forthcoming AGM until the conclusion of the next AGM in 2020. However, the Board will not be seeking shareholders' approval through a two-tier voting process.</p> <p>Each independent director has undertaken to notify the Board of any changes in his circumstances or of any event or relationships that would affect his independence as an independent director.</p>

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

Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Group practices non-discrimination in form, ie age, gender, ethnicity or religion, throughout the organisation, including the selection of Board members and senior management.	
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	:	As explained in Practice 4.4, the Group practices non-discrimination in form, ie age, gender, ethnicity or religion, throughout the organisation, including the selection of Board members and senior management.	
		The Board acknowledges the importance of board diversity, including gender diversity. The Board believes that for it to function effectively, the requisite skills, experience, knowledge and independence needed is vital, regardless of gender. Therefore, female representation will be considered when vacancies arise and suitable candidates are identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.6

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has not utilised independent source to identify suitably qualified candidates. The Board and its management have considerable experience and knowledge in the plantation industry and look for candidates with the right qualification, background and attributes that would be a good fit for the Group	
		As explained, the Board and management, hence, do not feel the necessity of an additional channel of sourcing for candidates at this time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.7

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

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

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee has the primary duty and function to assess directors, including executive directors, on an on-going basis and to annually review the required mix of skills and experience and core competencies of non-executive directors, effectiveness of the Board as a whole and the Board Committees which are internally facilitated.</p> <p>In respect of FY2018, the Nomination Committee was of the opinion that the Directors have performed their responsibilities and duties satisfactory and that the present structure and composition of the Board and the Board Committees are appropriate and meet the guidelines of Bursa Malaysia Securities Berhad and was of the view that no changes were required.</p> <p>The Nomination Committee agreed that the Directors meet the criteria of character, experience, integrity, independence, competence and time to effectively discharge their respective roles as directors. It is the policy of the Company that the level of directors' remuneration is sufficient to attract and retain the directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	It is the policy of the Company that the level of directors' remuneration is sufficient to attract and retain the directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.	
		The policies and procedures to determine the remuneration of directors and senior management has not been made on the Company's website as yet, but this is currently under review.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee has the primary duty and responsibility to recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors. However, the determination of remuneration packages of directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration. The Terms of Reference of the Remuneration can be obtained from the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the remuneration of the individual director on a named basis are set out in Appendix A of the Corporate Governance Overview Statement.	
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	:	Disclosed below is the information which is intended to achieve a similar outcome.
		The top five senior management are Mr Goh Wei Lei, the Executive Chairman, Mr Goh Pock Ai, the Senior Executive Director, Mr Ng Yeen Chern, the Chief Operating Officer, Mr Gan Kok Tiong, the Chief Financial Officer cum Company Secretary and Mr Chua Kok Siang, the Chief Administrator. The aggregate remuneration of Mr Ng Yeen Chern, Mr Gan Kok Tiong and Mr Chua Kok Siang in respect of FY2018 was RM674,105 which comprised annual salary, bonus, benefits-in-kind and other emoluments.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable. The Company is not a large company.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Mr Keong Choon Keat, an Independent Non-Executive Director.	
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 Terms of Reference of the Audit Committee has been revised to include a cooling-off period of at least two years before a former key audit partner 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 ensures the suitability and objectivity of the external auditors. The external auditors confirmed their independence to 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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Two members of the Audit Committee have the requisite qualification in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Members of the Audit Committee receive briefing and highlights from the management and external auditors on the latest development in the new accounting and auditing standards and the impact it may have on the Group.</p> <p>The Directors are required by the Companies Act 2016 ('Act') to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and their financial performance and cash flows for the financial year.</p> <p>The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with the Malaysian Financial Reporting Standards and the requirements of the Act.</p> <p>The Board recognises the importance of continuous training for its members. The directors are encouraged to attend various training programmes and seminars. All the directors and alternate director had successfully attended the Mandatory Accreditation Programme ("MAP"). The details of the programme attended by the directors during the financial year ended 31 August 2018 are disclosed in Appendix B to the Corporate Governance Overview Statement</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has overall responsibility for maintaining an effective and sound system of risk management and internal control and for reviewing its adequacy. The Board affirms that the risk management process and system of internal control is operating adequately and satisfactory in all material aspects to meet the business objectives of the Group for the financial year under review	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The system of risk management and internal control has been designed to meet the particular needs of the Group and to manage risks which the Group is exposed to rather than eliminating the risk of failure in achieving business objectives.</p> <p>Features of the Group’s risk management and internal control framework are set out in the Statement on Risk Management and Internal Control.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit functions have been outsourced to Lawrence Wong & Co., chartered accountants (Malaysia), with the primary objective to carry out reviews of the business processes as well as the internal control systems to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.</p> <p>The internal auditors report directly to the Audit Committee.</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 internal auditors report directly to the Audit Committee and annually confirm to the Audit Committee that they are free from any relationships or conflicts of interest that could impair their objectivity and independence.</p> <p>The internal audit team comprises four members and is headed by Ms Hor Kam Peng, CIA (IIA, USA), CFSA (IIA USA).</p> <p>The internal audit is performed in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of 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

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in ensuring accurate and timely dissemination of information, including corporate announcement and release of quarterly financial results to Bursa Malaysia as well as the despatch of annual reports to shareholders.</p> <p>The annual general meeting is the principal forum for dialogue with shareholders. At the annual general meeting, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session. Suggestions and comments by shareholders are noted by Directors for consideration.</p> <p>The annual and quarterly reports and the various mandatory announcements are the primary modes of communication to report on the financial performance and operations and corporate developments of the Group.</p> <p>The Company maintains a corporate website which provides the relevant information to its stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable. The Company is not a large company.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Sixtieth Annual General Meeting (60th AGM) will be held on 30 January 2019. Notice of 60th AGM which is enclosed in the Annual Report 2018 is despatched to shareholders on 31 December 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	At the beginning of a calendar year, an annual meeting calendar comprising scheduled dates for the Annual General Meeting and other meetings is circulated to the Directors to facilitate their time management.	
		All directors in office as at the end of the FY2017 attended the Annual General Meeting held on 30 January 2018.	
		The Executive Chairman and the Chief Financial Officer cum Company Secretary provided meaningful response to questions addressed.	
		The Company will apply this practice at the forthcoming Annual General Meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable. The Company is not a large company.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	This recommendation which leverage on technology is a new concept which need time to study the availability of software and hardware as well as the infrastructure in remote locations to facilitate such mode of voting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable. The Company is not a large company.
Timeframe	:	Choose an item.

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

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

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