

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5147
COMPANY NAME : Samchem Holdings Berhad
FINANCIAL YEAR : December 31, 2017

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 understood its obligation to shareholders and other stakeholders and is collectively responsible for meeting the objectives and goals of the Company. In discharging these responsibilities, the Board puts in place the following frameworks and processes to meet its objectives and review management performance:</p> <ul style="list-style-type: none">• Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval;• Board Committees, namely Audit, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in Board Charter. These Committees have the authority to examine particular issues and report to the Board with their recommendations;• Periodic review of the financial results as a mean to overseeing the conduct of the business and the overall performance management of the business affairs of the Group. When reviewing the financial result, the Board will assess and challenge management's performance and proposals and monitor management execution in order to ensure the Group's business are being managed effectively;• Deliberate the interim and annual financial reporting with management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist the public, investors and shareholders to make informed decision;• Review the appointment of C-suite personnel and ensure that they have the necessary skills and experience to assist the Board in managing the Group;

	<ul style="list-style-type: none"> • Review related party transaction, if any to ensure the compliance with Listing Requirements and the interest of minority shareholders are not detrimental by related party transactions; • Review and deliberate the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group; • Annual and half yearly reviews of the achievement of financial performance targets and aims in the annual budget by Chief Executives and senior management of the respective subsidiaries; and • Observe the regulatory frameworks and requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and corporate finance advisors for corporate exercises, when necessary. 	
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 Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board. To do so, the Chairman has: <ul style="list-style-type: none">• Ensured Board members receive accurate, timely and clear information and are well-informed about company and industry developments;• Set the board agenda in consultation with the Company Secretaries and ensures that board members receive complete and accurate information in a timely manner;• Facilitated board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making;• Chaired board meetings and reviewed and approved together with the Board on the strategic issues of the Group; and• Chaired Annual and Extraordinary General Meetings and represented Board in communicating with shareholders during the general 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

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	:	The Board Chairman is also the Chief Executive of the Group. The combination of the roles of Chairman and Chief Executive enable the Executive Chairman to align the interest of the board, management and shareholders for maximising shareholders' wealth as well as to serve as an interface between board and management.
Explanation for departure	:	As a safeguarding measure, half of the Board members are Independent Non-Executive Directors who are able to express objective and independent views in the interest of minority shareholders.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	In order to further strengthening the independence in the Board, the Board will increase the number of independence director so that the Board will comprise a majority Independent Director.
Timeframe	:	Within 2018 financial year.

Intended Outcome

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all corporate governance matters. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. All Directors have unrestricted access to the advice and services of the Company Secretaries.</p> <p>The key responsibilities carried out by the Company Secretaries during the financial year are as follows:</p> <ul style="list-style-type: none">• Advised the Board on Company Secretarial matters and maintains register, statutory records and company secretarial documents• Updated the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company• Co-ordinated with the Board on the meeting agenda and schedule• Managed the general meeting proceedings• Attended and prepared minutes of Board meetings and ensured that protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with• Advised Directors to fulfil their obligations in regards to:<ul style="list-style-type: none">– Disclosure of interest in securities of the Company– Disclosure of transactions with the Company– Prohibition of dealing in securities during closed period and moratorium– Restriction on disclosure of price sensitive information
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	:		
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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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Accordingly, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the board meeting.</p> <p>The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.</p> <p>Separately, all Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice when necessary in discharging its various duties, at the Company's expense.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

The board charter clearly identifies–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has defined its Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.</p> <p>The Board has also established the Audit, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in Board Charter. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>These Board Charter and Schedule of Matter were reviewed and published in the Company's website at http://www.samchem.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established and published its Code of Conducts and Ethics and Whistleblowing policy in the Company's website at http://www.samchem.com.my . Internally, the Board will communicate the Code of Conducts and Ethics and Whistleblowing Policy to staff members through the Human Resource Department so that all staff members are clear on what is considered acceptable behaviour and practice in the Company and the policies and procedures on whistleblowing.	
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	:	As mentioned in Practice 3.1, the Board has established its Code of Conducts and Ethics and Whistleblowing Policy and will communicate the Code of Conducts and Ethics and Whistleblowing Policy to staff members through the Human Resource Department.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board's decision-making process. Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board comprises six (6) members, where half of the Board is Independent Non-Executive Directors. This is in line with this Practice where it requires non-large company to have at least half of the Board members comprises independent directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	<p>In accordance to the Company’s Board Charter, the maximum tenure of an independent non-executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later.</p> <p>Any extension beyond nine years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be a consideration for the Board to decide.</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 4.3 - 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 accordance to Board Charter, the Board will provide its justification and seek shareholder approval if the Board wishes to extend the term of office of its independent directors beyond nine years. The tenure of office of the respective Independent Directors is less than 9 years.		
		Name	Date of Appointment	Cumulative Years of Service on Anniversary Date in 2018
		Cheong Chee Yun	17/8/2012	6
		Dato' Theng Book	27/2/2009	9
Lok Kai Chun	29/12/2015	3		

Intended Outcome

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

Practice 4.4

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

Application :	Applied																																																																								
Explanation on application of the practice :	<p>The 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. The current diversity in the ethnicity, age distribution and skillsets of the existing Board is as follows:-</p> <table border="1" data-bbox="427 734 1449 987"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreign</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[]</td> <td>[6]</td> <td>[]</td> <td>[]</td> <td>[6]</td> <td>[]</td> <td>[5]</td> <td>[1]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[]</td> <td>[3]</td> <td>[]</td> <td>[]</td> <td>[3]</td> <td>[]</td> <td>[2]</td> <td>[1]</td> </tr> </tbody> </table> <table border="1" data-bbox="427 1016 1410 1218"> <thead> <tr> <th>Age Group</th> <th>30-39 years</th> <th>40-49 years</th> <th>50-59 years</th> <th>60-69 years</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[1]</td> <td>[]</td> <td>[2]</td> <td>[3]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[1]</td> <td>[1]</td> <td>[]</td> <td>[1]</td> </tr> </tbody> </table> <table border="1" data-bbox="427 1247 1410 1523"> <thead> <tr> <th>Skill</th> <th>Accounting & Finance Management</th> <th>Chemistry</th> <th>Legal / Law</th> <th>Business Management</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[1]</td> <td>[1]</td> <td>[2]</td> <td>[2]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[1]</td> <td>[1]</td> <td>[]</td> <td>[1]</td> </tr> </tbody> </table>									Race/Ethnicity				Nationality		Gender		Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female	Number of Directors	[]	[6]	[]	[]	[6]	[]	[5]	[1]	Top Three Senior Management	[]	[3]	[]	[]	[3]	[]	[2]	[1]	Age Group	30-39 years	40-49 years	50-59 years	60-69 years	Number of Directors	[1]	[]	[2]	[3]	Top Three Senior Management	[1]	[1]	[]	[1]	Skill	Accounting & Finance Management	Chemistry	Legal / Law	Business Management	Number of Directors	[1]	[1]	[2]	[2]	Top Three Senior Management	[1]	[1]	[]	[1]
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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 does not have formal gender diversity policy presently. Nonetheless, the Board support the gender diversity initiative and has a female Non-Executive Director in the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In its selection of board members, the Board provides equal opportunity to all candidates. The Nomination Committee will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.</p> <p>Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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. Lok Kai Chun who is 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	:	The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation. Based on the assessment, the Board is satisfied with the overall performance effectiveness of the Board, Board Committees and individual directors and the independence of Independent Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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's Charter which is published in the Company's website provides the following policies and procedures on remunerations of directors and senior management:</p> <ul style="list-style-type: none">• Competitive and realistic remunerations of Directors are formulated with the aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company and the Board effectively.• For Executive Directors and senior management, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.• The level of remuneration for the Executive Directors and senior management is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.• The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration. <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established its Remuneration Committee and has defined the terms of reference of this Committee. These terms of reference are disclosed in the company's website.</p> <p>The members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><u>Chairman:</u> Dato' Theng Book, Independent Non-Executive Director</p> <p><u>Members:</u> Ng Thin Poh, Executive Chairman and Acting CEO Lok Kai Chun, Independent Non-Executive Director</p> <p>The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration. Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries will be put forward to shareholder for approval in the coming AGM.</p> <p>During the meeting held on 13 April 2018, the Remuneration Committee had reviewed and recommended the remuneration of the Executive Directors and the fees payable to Non-Executive Directors to the Board. The details of the Board members' remunerations are presented in the next practice.</p>
Explanation for departure	:	

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

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 :	<table border="1"> <thead> <tr> <th>Company</th> <th>Ng Thin Poh (RM'000)</th> <th>Chooi Chok Khooi (RM'000)</th> <th>Cheong Chee Yun (RM'000)</th> <th>Dato' Theng Book (RM'000)</th> <th>Lok Kai Chun (RM'000)</th> <th>Ng Ai Rene (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Directors' Fee</td> <td>-</td> <td>-</td> <td>55,000</td> <td>50,000</td> <td>43,000</td> <td>8,000</td> </tr> <tr> <td>Meeting Allowances</td> <td>-</td> <td>-</td> <td>3,000</td> <td>3,000</td> <td>3,000</td> <td>-</td> </tr> <tr> <td>Salaries</td> <td>351,900</td> <td>191,400</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Bonus</td> <td>-</td> <td>31,900</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Benefits-in-Kind</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Other Emoluments</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>351,900</td> <td>223,300</td> <td>58,000</td> <td>53,000</td> <td>46,000</td> <td>8,000</td> </tr> </tbody> </table>							Company	Ng Thin Poh (RM'000)	Chooi Chok Khooi (RM'000)	Cheong Chee Yun (RM'000)	Dato' Theng Book (RM'000)	Lok Kai Chun (RM'000)	Ng Ai Rene (RM'000)	Directors' Fee	-	-	55,000	50,000	43,000	8,000	Meeting Allowances	-	-	3,000	3,000	3,000	-	Salaries	351,900	191,400	-	-	-	-	Bonus	-	31,900	-	-	-	-	Benefits-in-Kind	-	-	-	-	-	-	Other Emoluments	-	-	-	-	-	-	Total	351,900	223,300	58,000	53,000	46,000	8,000
Company	Ng Thin Poh (RM'000)	Chooi Chok Khooi (RM'000)	Cheong Chee Yun (RM'000)	Dato' Theng Book (RM'000)	Lok Kai Chun (RM'000)	Ng Ai Rene (RM'000)																																																									
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Salaries	351,900	191,400	-	-	-	-																																																									
Bonus	-	31,900	-	-	-	-																																																									
Benefits-in-Kind	-	-	-	-	-	-																																																									
Other Emoluments	-	-	-	-	-	-																																																									
Total	351,900	223,300	58,000	53,000	46,000	8,000																																																									
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	:	Applied																																																				
Explanation on application of the practice	:	<table border="1"> <thead> <tr> <th rowspan="2">Range of Remuneration</th> <th colspan="5">Senior Management</th> </tr> <tr> <th>Ng Thin Poh</th> <th>Eugene Chong Wee Yip</th> <th>Maisarah Tang Abdullah</th> <th>Cheah Sum Boon</th> <th>Eileen Ng Liew Chin</th> </tr> </thead> <tbody> <tr> <td>RM150,000 and below</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>RM150,001 – RM200,000</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>RM200,001 – RM250,000</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>RM250,001 – RM300,000</td> <td>[]</td> <td>[]</td> <td>[]</td> <td>[/]</td> <td>[/]</td> </tr> <tr> <td>RM300,001 – RM350,000</td> <td>[]</td> <td>[]</td> <td>[/]</td> <td>[]</td> <td>[]</td> </tr> <tr> <td>RM350,001 and above</td> <td>[/]</td> <td>[/]</td> <td>[]</td> <td>[]</td> <td>[]</td> </tr> </tbody> </table>						Range of Remuneration	Senior Management					Ng Thin Poh	Eugene Chong Wee Yip	Maisarah Tang Abdullah	Cheah Sum Boon	Eileen Ng Liew Chin	RM150,000 and below	[]	[]	[]	[]	[]	RM150,001 – RM200,000	[]	[]	[]	[]	[]	RM200,001 – RM250,000	[]	[]	[]	[]	[]	RM250,001 – RM300,000	[]	[]	[]	[/]	[/]	RM300,001 – RM350,000	[]	[]	[/]	[]	[]	RM350,001 and above	[/]	[/]	[]	[]	[]
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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	:	Not Applicable to Samchem Holdings Berhad which is not a Large Company

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	:	Presently, the members of Audit and Risk Management Committee ("ARMC") comprising fully Independent Non-Executive Directors and the Chairman of the ARMC Mr. Cheong Chee Yun is not the Chairman of the board. Mr. Cheong Chee Yun is a member Malaysian Institute of Accountants, the Certified Practising Accountant Australia (CPA Australia) and the Asian Chartered Institute of Bankers.	
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	:	When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC. Presently, none of the present members of the ARMC were former audit partners of the Company's auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The present External Auditors of the Company was engaged since the financial year 2013. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM for re-appointment.</p> <p>In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.</p> <p>During the presentation of the External Auditors' report on 13/4/2018, the Audit Committee had convened a meeting with the External Auditors without the presence of the Executive Directors; and obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Based on these feedbacks, the ARMC had further undertaken the above procedures in assessing the External Auditors and recommended to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM on the appointment of Messrs Baker Tilly Monteiro Heng as the External Auditors of the Company for financial year 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The members of ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the board.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an effective and independent ARMC. The ARMC members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>The Board had reviewed the terms of office of the ARMC members and assessed the performance of the ARMC through the annual board committee assessment facilitated by Nomination Committee. Based on this assessment, the Board is satisfied with the performance of the ARMC and the level of knowledge and skills of the ARMC members needed to discharge their duties and to understand the matters under the Committee's purview on financial reporting.</p> <p>In order to strengthen the present financial literacy of each member, all members of the ARMC will take part in professional development programmes on accounting and auditing standards, practices and rules continuously.</p> <p>By practicing the above various Practices, the ARMC is able to up hold its independence and is able to function in ensuring that the Company's financial statement is a reliable.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the oversight of risk management through ARMC while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.</p> <p>Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 17 to 18 of the Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.</p> <p>Going forward, the Board will implement the enhanced formal risk management framework defining its risk policy and risk appetite as well as revisiting the risk assessment and risk mitigation plan in 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the risk management and internal control features as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The members of ARMC comprising wholly independent Non-Executive Directors.

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	:	The ARMC reviewed and approved the Internal Audit Plan to ensure that the appropriateness of the audit plan. The ARMC had also discussed with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any changes in the Group's operating environment. When reviewing the Internal Audit reports, the ARMC will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations. A private session with the Internal Auditors will be held without the presence of management by the ARMC, if needed to allow the Internal Auditors to exchange their views freely to the ARMC.	
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 Audit Function is carried out by IA Essential Sdn. Bhd. (“IA Essential”) an internal audit consulting firm.</p> <p>The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant while the rest of the team members are accounting graduates from local universities.</p> <p>The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p> <p>The ARMC will review the engagement between the Group and IA Essential to ensure that the Internal Auditors’ objectivity and independence are not impaired or affected.</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 communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:</p> <ul style="list-style-type: none">i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on ARMC and Board of Directors;ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;iii. the Company website at www.samchem.com.my;iv. meetings with research analysts and fund managers if required to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general; andv. participation in surveys and research conducted by professional organisations as and when such requests arise. <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman for opinions or concerns.</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	:	Not Applicable	
Explanation on application of the practice	:	The Company has reported its Sustainability Statement on page 16 of this Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Annual General Meeting serves as an important means for shareholders communication. In order to encourage shareholders' participation and engagement with the Board and senior management effectively in the AGM, notice of the Annual General Meeting and Annual Reports are sent to shareholders 21 days prior to the meeting in accordance to the Company's Constitution and the provision in the Companies Act 2016. In addition, the Board would ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will change the present AGM's notice period of 21 days to 28 days in the Company's Constitution next year. Thereafter, the Board will provide notice of Annual General Meeting together with the Annual Report to shareholders 28 days prior to the meeting.	
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.</p> <p>All Board members had attended the last AGM. The shareholders questions were fully answered and responded to.</p> <p>Going forward, the Board will ensure its full attendance in the AGM and the respective Chairmen of the Board Committees will attend to questions raised pertaining to their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Not Applicable
Explanation on application of the practice	:	<p>The Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in Kota Permai Golf & Country Club, Kota Kemuning, Shah Alam.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof</p> <p>Explanation for each proposed resolution set out in the Notice of AGM will be provided during AGM to assist shareholders in making their decisions and exercising their voting rights.</p> <p>All resolutions set out in the Notice of AGM were put to vote by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM. The outcome of the AGM was then announced to Bursa Securities on the same meeting day. There were no key matters raise/discussed during the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	