

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0117
COMPANY NAME : SMRT 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board is responsible for the overall corporate governance of the Group, its strategic direction, overseeing the conduct of the Group's business to evaluate whether the business is being properly managed, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, ensuring proper succession planning and effective shareholders communication policy, ensuring the integrity of the Group's financial and non-financial reporting and reviewing the adequacy and the integrity of the Group's internal control systems. The Board has delegated specific responsibilities to three (3) main committees namely the Audit and Risk Management Committee ("ARMC"), Remuneration Committee and Nomination Committee, which are guided by the Terms of Reference approved by the Board. The ultimate responsibility for the final decisions on all matters lies with the Board.</p> <p>The Chief Executive Officer ("CEO") is not a Director of the Company and is responsible for the day-to-day management of the business and operations of the Group. He is supported by a Management team and other committees established under the Group's management framework. The Management's performance under the leadership of the CEO is monitored by the Board. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. The relevant members of the Management were in attendance at Board meetings upon invitation by the Board to support the CEO in presenting the updates on the progress of key initiatives, business targets and achievements to date and to provide clarification on the queries and issues raised by the Board.</p> <p>The Board seeks to ensure that the members of the Senior Management team are qualified, professional and have sufficient calibre to collectively lead the operations of the Group. The Board takes cognisance that the orderly succession of Senior Management is important to ensure readiness of internal candidates to fill potential positions. In this respect, the Group recognises talent development programmes should be put in place to provide opportunities for employees to improve their capabilities and leadership skills.</p>

Through the ARMC, the Board oversees the risk management framework of the Group. The ARMC advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation. The ARMC assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The ARMC reviews the internal controls of the Group to ensure, as far as possible, the protection of its assets and its shareholders' investment.

The Board acknowledges its overall responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and the assets of the Group and for reviewing the adequacy and integrity of the system. Notwithstanding this, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage risks within tolerable limits, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Details of the Group's internal controls and risk management measures are set out in its Statement on Risk Management and Internal Control in the Company's Annual Report 2017.

The ARMC has been entrusted by the Board to ensure the Group's financial and non-financial reporting present a true and fair view of its state of affairs. The ARMC meets regularly to review the unaudited financial results and ensures Management prepares the results and statements in accordance with the Companies Act 2016, ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), applicable accounting standards and other relevant regulatory requirements.

The Board is responsible to ensure continuing education or training for the Directors to keep abreast of relevant changes in laws and regulations and the development of the industry. The Directors will continue to undergo relevant training programmes to enhance their skills and knowledge. During the financial year ended 31 December 2017, the Directors attended the following training :

Name of Directors	Courses
Tan Sri Dato' Dr R Palan	<ul style="list-style-type: none"> • The Asia HRD Congress 2017 • MABC Networking Evening & Talk • Malaysian Code Corporate Governance 2017 & Sustainability Reporting Seminar
Dato' (DR) Asariah Binti Mior Shahrudin	<ul style="list-style-type: none"> • Sustainability Forum for Directors / CEO's : " The Velocity Global Change & Sustainability – The New Business Model" • What Are Universities Actually For? • The Asia HRD Congress 2017 • CG Breakfast Series : Integrating An Innovation Mindset with Effective Governance
Mr Leow Nan Chye	<ul style="list-style-type: none"> • Sustainability Forum for Directors / CEO's : " The Velocity Global Change & Sustainability – The New Business Model" • The Asia HRD Congress 2017

	<p>Mr Malayandi @ Kalaiarasu</p>	<ul style="list-style-type: none"> • Together Gather A. MOHE • Annual International Homeopathy • Educational Scholarship • Understanding and Implementing ISO 9001:2015 QMS • Indo Malaysia Conference • 1st Malaysia International Integrative Healthcare (MIIHC) • Senior Leadership Programme
	<p>Ms Soh Eng Hooi</p>	<ul style="list-style-type: none"> • Seminar On "Companies Act 2016" • The Companies Act 2016: An Overview and its Significant Impact on Auditors • MFRS 15, Revenue from Contracts with Customers & MFRS 16, Leases • Big Data Analytics Towards A Data Driven Organisation • Capital Market Conference 2017 • Practical Issues under the Companies Act 2016
	<p>The Board has formalised and adopted a Sustainability Policy which is posted on the Group's website at www.smrhub.com. The Sustainability Policy sets out the manner in which the Group carries on its business which is undertaken in a socially responsible, trustworthy and ethical manner while accepting accountability for impact on environment, social and governance fronts. Key aspects of the policy focus on social awareness and betterment, environmental preservation, and sound and effective corporate governance.</p> <p>The Board is committed in providing effective and timely communication with its stakeholders. The Group uses a number of formal channels for effective dissemination of information to the public, namely, the Annual Report, announcements to Bursa Securities and media releases which are posted on the Group's website at www.smrhub.com</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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 leads the Board based on his entrepreneurial leadership coupled with his many years of extensive experience in the operations of the Group. As one of the pioneer members of the Group, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group and at the same time be guided by independent advice and views from the independent Directors, who offer the necessary checks and balances in the decision making process of the Board. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure its own effectiveness.</p> <p>The Chairman, with the assistance of the Company Secretary, sets the board agenda for each meeting and the same is circulated to the Board Members accordingly.</p> <p>During Board Meetings, the Chairman leads the discussions, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman plays a key role in the conduct of the General Meetings besides ensuring the proper flow of resolutions tabled at the meeting. He manages the communication on the floor, encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</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	:		
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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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of the Chairman and CEO are held by two different individuals. The Chairman, Tan Sri Dato' Dr R Palan leads and manages the Board by focusing on governance, strategy and compliance whereas the CEO, Dato' Hj Ab d Rashid Bin Hj Mohd Sharif manages the business and operations of the Group and implements the decisions of the Board.</p> <p>The separation of position of the Chairman and CEO seeks to facilitate appropriate balance of power and authority, such that no one individual has unfettered decision making powers.</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 1.4

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

Application	: Applied
Explanation on application of the practice	<p>The Board is supported by joint qualified and competent Company Secretaries who are responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.</p> <p>Both Company Secretaries of the Company are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. Both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries play an advisory role in supporting the Board to uphold high standards of corporate governance. They provide the Board with periodic updates regarding regulatory developments and assist the Board in interpreting and applying pertinent corporate governance promulgations such as Capital Markets and Services Act 2007 (Amendment 2012), Companies Act 2016 and AMLR of Bursa Securities. The Company Secretary also provides support in the facilitating the flow of information to the Board. The Company Secretary additionally serves as a liaison for stakeholders' communication and engagement on corporate governance issues. The role and responsibilities of the Company Secretary are set out in the Board Charter.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries.</p> <p>In this respect, the Company Secretaries advise the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations, which include amendments to the Constitution of the Company arising from the Companies Act 2016 effective 31 January 2017 and the amendments to the AMLR issued by Bursa Securities on 29 November 2017.</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 1.5

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 Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with Management and Company Secretary, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.</p> <p>The notice of the Board meetings is circulated to Board members at least 7 days before the meeting and the agenda and Board papers are circulated to the Directors a few days before each meeting.</p> <p>The Directors are supplied with Board papers containing necessary information that are accurate, clear and comprehensive to enable informed decision making at the Board meetings. In addition, Board members can seek further advice or clarification from Management when required.</p> <p>The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Chairman's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.</p> <p>The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.</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

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 formally established a Board Charter which provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities in discharging its fiduciary and leadership functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter serves as a primary reference point on governance matters for Directors as well as newly-appointed Directors.</p> <p>The Board Charter addresses, among others, the following matters :</p> <ul style="list-style-type: none"> • Roles and Responsibilities of the Board; • Board Composition and Board Balance; • Roles of Chairman and CEO; • Directors' Training and Continuing Education; • Remuneration Policies; • Board Evaluation and Directors' Assessment; • Board Committees; • Financial Reporting; • Board Meetings and General Meetings; and • Investor Relations and Shareholder Communication. <p>The Board Charter is accessible for reference on the Group's website, www.smrhub.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place a Code of Ethics for Directors ("Code") which sets out the principles and standards of business ethics of the Group. The Board is committed to create a corporate culture within the Group to operate its business in an ethical manner and to uphold the highest standard of professionalism and corporate integrity.</p> <p>Directors should at all times observe the following Code in the performance of their duties :</p> <ul style="list-style-type: none"> • Conflict of interest • Confidentiality • Insider Information and Securities Trading • Protection of Assets and Funds • Health and Safety • Outside Interests • Compliance with Laws, Rules and Regulations <p>The Board reviews the Code periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The Code of Ethics for Directors is available on the Group's website at www.smrhub.com</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

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally adopted a Whistle Blowing Policy (“WBP”) which is applicable to the Group. The WBP provides an avenue for employees or any external party to report any improper conduct occurring in the course of dealings with the Company and its business operations. Under the WBP, confidentiality of the matter raised is maintained and the identity of the whistle blower is protected.</p> <p>The Company’s WBP fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violation or improper conduct or wrongdoing within the Group.</p> <p>With regards to the WBP :</p> <p>(a) The Board is responsible for overseeing the implementation of the WBP for Directors and all whistle blowing reports are addressed to the Senior Independent Director of the Company.</p> <p>(b) The ARMC is responsible for overseeing the implementation of the WBP for the Group’s employees. The Senior Independent Director is responsible for receiving whistle blowing reports made by employees or external parties as prescribed under the WBP.</p> <p>The Board together with Management, reviews the WBP periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The WBP is available on the Group’s website at www.smrhub.com</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board comprises five (5) Directors i.e. three (3) Independent Non-Executive Directors, one (1) Executive Director and one (1) Executive Chairman. All the three (3) Independent Non-Executive Directors satisfy the independence test under the AMLR of Bursa Securities. They constitute 60% of the Board.</p> <p>The members of the Board are as follows :</p> <ol style="list-style-type: none">(1) Tan Sri Dato' Dr R Palan – Executive Chairman(2) Mr Malayandi @ Kalaiarasu – Executive Director(3) Mr Leow Nan Chye – Senior Independent Non-Executive Director(4) Dato' (Dr) Asariah Binti Mior Shahrudin – Independent Non-Executive Director(5) Ms Soh Eng Hooi – Independent Non-Executive Director <p>The Independent Non-Executive Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process and provide effective checks and balances in the functioning of the Board. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.</p> <p>In addition, the presence of the Senior Independent Director, Mr Leow Nan Chye, provides an additional channel for Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in open forum. The Nomination Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balance mix of skills and experience, as well as the objectivity required in the boardroom.</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

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 - Two Tier Voting
Explanation on application of the practice	:	<p>Mr Leow Nan Chye has served the Board for more than twelve (12) years since his appointment as Independent Director of the Company on 5 October 2005. Since 2015, the Company has sought annual shareholders' approval at the Annual General Meeting ("AGM") for him to continue to serve as Independent Director on the Board. The latest shareholders' approvals were obtained at the last AGM held on 25 May 2017.</p> <p>If the Board continues to retain independent directors after twelve (12) years pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>The Nomination Committee had assessed the independence of Mr Leow Nan Chye and recommended to the Board that he be retained as Independent Non-Executive Director of the Company based on his ability to maintain independent judgement and to express unbiased views without any influence. He is familiar with the Group's business operations, has devoted time and commitment and has exercised due care in discharging his duties and responsibilities as Independent Non-Executive Director. He has fulfilled the criteria under the definition of Independent Director as defined in the Listing Requirements of Bursa Securities.</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	:	Adopted
Explanation on adoption of the practice	:	<p>The Company has adopted a policy in its Board Charter which limits the tenure of its Independent Director to nine (9) years. The Board will seek the continuity of an Independent Director exceeding this tenure by making recommendation to and seeking approval of the shareholders in the Annual General Meeting.</p> <p>The policy on tenure of Independent Directors can be accessed at the Group's website at www.smrhub.com.</p>

Intended Outcome

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

Practice 4.4

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

Application	: Applied
Explanation on application of the practice	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and make the necessary recommendations. In this respect, the role of the Nomination Committee is detailed in its Terms of Reference, which is accessible for reference on the Group's website at www.smrhub.com</p> <p>In making its recommendations to the Board, the Nomination Committee considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company. <p>During the financial year ended 31 December 2017, Ms Soh Eng Hooi was proposed to the Nomination Committee as a potential candidate for Directorship by external sources. The Nomination Committee met, and upon deliberation agreed to recommend to the Board on the appointment of the new candidate, Ms Soh Eng Hooi, based on the set of criteria mentioned above. The appointment of Ms Soh Eng Hooi as Independent Director of the Company took effect on 27 November 2017. Ms Soh Eng Hooi had on 12 and 13 March 2018 attended the Mandatory Accreditation Programme ("MAP").</p> <p>Taking cognisance of the values of human capital and talent management in the growth and sustainability of the Group, the Chairman and the Executive Director are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Chairman and Executive Director shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who</p>

	<p>may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and Executive Director take into account the candidate's qualification, experience, competence and character. Newly appointed key Senior Management will have to undergo induction and/or any other programs in the manner as stipulated in the Group's Human Resource Manual.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the call by the Government and the Malaysian Code on Corporate Governance (“MCCG”) for boards to have gender diversity and the boards of Large Companies to comprise at least 30% women on board. At present, the Company has three (3) male Directors and two (2) female Directors. During the financial year ended 31 December 2017, 40% of the Board comprised women Directors</p> <p>The Company does not have a formalised Board gender diversity policy alongside targets and measures. However, the issue of diversity is discussed and given prominence during deliberations by the Nomination Committee and the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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>Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee.</p> <p>In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board Members, Management and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>During the financial year ended 31 December 2017, the referral of Ms Soh Eng Hooi as a potential candidate for Directorship was by external sources.</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	:	<p>The Nomination Committee comprises not less than three (3) members. All the members shall be Non-Executive Directors, majority of whom are independent.</p> <p>The members of the Nomination Committee are outlined below :</p> <ul style="list-style-type: none">(1) Dato' (Dr) Asariah Binti Mior Shahrudin – Chairman(2) Mr Leow Nan Chye – Member(3) Ms Soh Eng Hooi - Member <p>The Nomination Committee is chaired by an Independent Non-Executive Director.</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

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 is responsible for the Board evaluation process covering the Board, the Board Committees and individual Directors (including Independent Directors).</p> <p>The evaluation for the year 2017 was conducted internally. Each Director completed the Performance Evaluation Sheet for Individual Director (Self / Peer Evaluation) which covered matters relevant to the Directors' performance, among other things, contribution to interaction, quality of input, understanding of role and Board Chairman's role. An evaluation of the Board and Board Committee was done by assessing the Board's structure, Board operations, Board roles and responsibilities, Board Chairman's role and responsibilities as well as the performance of the Board Committees against their respective Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.</p> <p>The Nomination Committee, upon conclusion of the evaluation exercise, was satisfied that the Board and its Board Committees composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Presently the Company does not have formalised remuneration policies and procedures for Directors and Senior Management. The fees of the Non-Executive Directors and any benefits payable to the Non-Executive Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in a place a Remuneration Committee which comprises wholly of Non-Executive Directors. It shall consist of not less than three (3) members.</p> <p>The members of the Remuneration Committee are outlined below :</p> <p>(1) Dato' (Dr) Asariah Binti Mior Shaharuddin – Chairman (2) Mr Leow Nan Chye – Member (3) Ms Soh Eng Hooi - Member</p> <p>The responsibilities of the Remuneration Committee include reviewing the remuneration packages, reward structure and fringe benefits applicable to Board and Senior Management and making the appropriate recommendations to the Board.</p> <p>The Terms of Reference of Remuneration Committee are accessible for reference on the Group's website at www.smrhub.com</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied																									
Explanation on application of the practice :	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the functions, workloads and responsibilities involved. The level of remuneration for the CEO and Executive Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian listed issuers.</p> <p>The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016.</p> <p>The details of the Directors' remuneration for the financial year ended 31 December 2017 for Company and Group level are as follows :</p> <p><u>COMPANY</u></p> <p>Non-Executive Directors (RM'000)</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Directors' Fee</th><th>Meeting Allowance</th><th>Total</th></tr></thead><tbody><tr><td>1.</td><td>Mr Leow Nan Chye (Senior Independent Non-Executive Director)</td><td>48</td><td>7</td><td>55</td></tr><tr><td>2.</td><td>Dato' (Dr) Asariah Binti Mior Shaharuddin (Independent Non-Executive Director)</td><td>48</td><td>5</td><td>53</td></tr><tr><td>3.</td><td>Ms Soh Eng Hooi (Independent Non-Executive Director) (Appointed on 27 November 2017)</td><td>3</td><td>1</td><td>4</td></tr><tr><td>4.</td><td>Allahyarham Tuan Haji Ishak Bin Hashim (Independent Non-Executive Director) (Passed away on 8 January 2018)</td><td>48</td><td>4</td><td>52</td></tr></tbody></table>	No.	Name	Directors' Fee	Meeting Allowance	Total	1.	Mr Leow Nan Chye (Senior Independent Non-Executive Director)	48	7	55	2.	Dato' (Dr) Asariah Binti Mior Shaharuddin (Independent Non-Executive Director)	48	5	53	3.	Ms Soh Eng Hooi (Independent Non-Executive Director) (Appointed on 27 November 2017)	3	1	4	4.	Allahyarham Tuan Haji Ishak Bin Hashim (Independent Non-Executive Director) (Passed away on 8 January 2018)	48	4	52
No.	Name	Directors' Fee	Meeting Allowance	Total																						
1.	Mr Leow Nan Chye (Senior Independent Non-Executive Director)	48	7	55																						
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4.	Allahyarham Tuan Haji Ishak Bin Hashim (Independent Non-Executive Director) (Passed away on 8 January 2018)	48	4	52																						

Executive Chairman/Executive Director (RM'000)

No.	Name	Salary & Allowance	Employee Provident Fund & Socso	Meeting Allowance	Total
1.	Tan Sri Dato' Dr R Palan (Executive Chairman)	12	2	9	23
2.	Mr Malayandi @ Kalaiarasu (Executive Director)	12	2	3	17

GROUP**Non-Executive Directors (RM'000)**

No.	Name	Directors' Fee	Meeting Allowance	Total
1.	Mr Leow Nan Chye (Senior Independent Non-Executive Director)	48	7	55
2.	Dato' (Dr) Asariah Binti Mior Shaharuddin (Independent Non-Executive Director)	48	5	53
3.	Ms Soh Eng Hooi (Independent Non-Executive Director) (Appointed on 27 November 2017)	3	1	4
4.	Allahyarham Tuan Haji Ishak Bin Hashim (Independent Non-Executive Director) (Passed away on 8 January 2018)	48	4	52

Executive Chairman/CEO/Executive Director (RM'000)

No.	Name	Salary & Allowance	Employee Provident Fund & Socso	Meeting Allowance	Total
1.	Tan Sri Dato' Dr R Palan (Executive Chairman)	1,241	150	9	1,400
2.	Mr Malayandi @ Kalaiarasu (Executive Director)	435	54	3	492

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	:	<p>At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) in bands of RM50,000 would not be in the best interest of the Group for purposes of confidentiality, including reasons pertaining to human relations.</p> <p>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully. No excessive remuneration has been paid to Senior Management personnel in any instance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Board of Directors has established an ARMC which is chaired by the Senior Independent Director, Mr Leow Nan Chye. Meanwhile the Chairman of the Board is Tan Sri Dato' Dr R Palan.</p> <p>As such, the Chairman of the ARMC is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>The Chairman of the ARMC is a fellow member of the Institute of Chartered Accountants of England and Wales and a Chartered Accountant with the Malaysian Institute of Accountants ("MIA"). The possession of sound financial understanding and experience equips the Chairman of the ARMC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the ARMC. His full profile can be viewed in the Company's Annual Report 2017.</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 8.2

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	:	<p>The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The members of the ARMC are as follows :</p> <p>(1) Mr Leow Nan Chye – Chairman (2) Dato' (Dr) Asariah Binti Mior Shaharuddin – Member (3) Ms Soh Eng Hooi - Member</p> <p>At present, none of the ARMC members are former key audit partners of the Company's external auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the ARMC's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a Committee member.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 ARMC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>Under its Terms of Reference, the ARMC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources.</p> <p>The Terms of Reference of ARMC is accessible for reference on the Group's website at www.smrhub.com</p> <p>During the financial year, the ARMC met with the external auditor namely, Baker Tilly Monteiro Heng twice in the absence of Management. The ARMC has also monitored and reviewed the performance and independence of Baker Tilly Monteiro Heng and is satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2017, the ARMC was further assured by Baker Tilly Monteiro Heng by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the ARMC made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</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 ARMC comprises wholly of Independent Non-Executive Directors. A Non-Executive Director of the Company who satisfies the independence test under the AMLR of Bursa Securities is an Independent Director.

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 reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. The ARMC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. The Chairman and members of the ARMC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the ARMC.</p> <p>Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. All members of the ARMC are financially literate, whilst the Chairman of the ARMC is a member of MIA, and thus, fulfilling Rule 15.09(1)(c) of the AMLR of Bursa Securities, which calls for one member of the audit committee to be a member of a professional accountancy body. All members of the ARMC have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the Chairman and the Members of the ARMC had attended various training programmes to keep abreast of relevant industry developments including accounting and auditing standards and business practices.</p> <p>Based on the outcome of the ARMC effectiveness evaluation 2017, the Board is satisfied with the ARMC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC.</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 maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives.</p> <p>To discharge these responsibilities, the Board is assisted by the ARMC in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management.</p> <p>The Board is supported by the Management in developing, implementing and monitoring sound practices for identifying and managing strategic, financial and operational risks and for providing assurance that risk management and internal control practices with respect to the conduct of business are implemented and adhered to within the Group.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2017.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management and internal control systems are in place throughout the Group.</p> <p>The ARMC assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems, which include identifying, managing, monitoring and mitigating significant risks across the Group. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control of the Company's Annual Report 2017.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board had on 11 April 2017 resolved to have the risk management of the Company to be under the purview of the Audit Committee in view of the Company's current low risk exposure. The Audit Committee was then renamed as Audit and Risk Management Committee ("ARMC").</p> <p>The ARMC assumes the role in overseeing the risk management functions of the Group together with the Management.</p>

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>During the year under review, the Group had outsourced its internal audit function to an independent consulting firm to assist the ARMC in discharging its duties and responsibilities.</p> <p>The internal auditor reports directly to the ARMC and assists the Board in monitoring and reviewing the effectiveness of the risk management, internal control and governance processes within the Group.</p> <p>The scope and plan of internal audit activities are identified annually and approved by the ARMC. The ARMC receives reports of the findings of the internal audit with comments from the Management and the internal auditor's recommendations. The ARMC reviews the findings with the Management to ensure that the necessary corrective actions are implemented and reported to the Board.</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 audit function is currently outsourced to Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), an independent consulting firm to take charge of the Group’s internal audit function during the financial year ended 31 December 2017. Sterling is free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit.</p> <p>Sterling is a corporate member of The Institute of Internal Auditors Malaysia (“IIAM”). Different lead Internal Auditor is assigned to conduct each Internal Audit Review, depending on the scope of the review.</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Group. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>The Board aims to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core business and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Securities, media releases, quarterly results, AGM and the Group website.</p> <p>The Company is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, the Chairman will provide a presentation of the Group's annual operating and financial performance, followed by a question and answer session during which the Chairman encourages shareholders' active participation, including clarifying and questioning the Group's strategic direction, business operations, performance and proposed resolutions. All the Board members and Senior Management of the Company are also present to handle other face-to-face enquires from the 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

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	:	The Board would like to allow an advocacy period for the awareness of integrated reporting to be better appreciated by Management personnel before it is adopted. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.	
		The current Annual Report provides stakeholders with a fairly comprehensive overview on the Group's financial and non-financial information including future prospects. Components such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AGM is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the upcoming AGM in 2018 was provided to shareholders on 30 April 2018, at least 28 days before the meeting, which will be held on 30 May 2018.</p> <p>The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information, where applicable to give clarity on the matters that will be decided at the AGM.</p> <p>All Directors and Senior Management are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on conduct of the audit and content of the audit report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors have attended the previous AGMs. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGMs and other general meetings by giving sufficient time to the floor during the question and answer session.</p> <p>The Chairman of the respective Committees were present to facilitate discussions and address questions shareholders may have on matters that fall under the purview of the respective Committees.</p> <p>The Chairman of the Board Committees of the Company are as follows:</p> <table border="1"> <thead> <tr> <th>Board Committees</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>ARMC</td> <td>Mr Leow Nan Chye</td> </tr> <tr> <td>Nomination Committee</td> <td>Dato' (Dr) Asariah Binti Mior Shaharuddin</td> </tr> <tr> <td>Remuneration Committee</td> <td>Dato' (Dr) Asariah Binti Mior Shaharuddin</td> </tr> </tbody> </table>	Board Committees	Chairman	ARMC	Mr Leow Nan Chye	Nomination Committee	Dato' (Dr) Asariah Binti Mior Shaharuddin	Remuneration Committee	Dato' (Dr) Asariah Binti Mior Shaharuddin
Board Committees	Chairman									
ARMC	Mr Leow Nan Chye									
Nomination Committee	Dato' (Dr) Asariah Binti Mior Shaharuddin									
Remuneration Committee	Dato' (Dr) Asariah Binti Mior Shaharuddin									
Explanation for departure	:									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
Measure	:									
Timeframe	:									

Intended Outcome

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	:	<p>The Thirteenth AGM was held at Cyberjaya University College of Medical Sciences in Cyberjaya, Selangor Darul Ehsan. This venue was easily accessible as it was familiar to most shareholders of the Company since several past AGMs were held at the same venue. The forthcoming AGM on 31 May 2018 will be held at the same venue.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the AGM is by poll and the polling process was conducted by way of a manual polling.</p> <p>The Company will consider to seek the shareholders' approval on the proposed new constitution to allow general meetings to be convened at more than one (1) venue using any technology or method that enables the shareholders to participate and to exercise their rights to speak and vote at the meeting in accordance with Section 327(1) and (2) of the Companies Act 2016.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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