

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7137
COMPANY NAME : UMS HOLDINGS BERHAD
FINANCIAL YEAR : September 30, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies and policies in achieving the objectives and long term goals of the Group. The Managing Director, who is appointed by the Board, is responsible for the management of the Group's operations and business as well as implementation of business plans and strategies, policies and decisions approved by the Board, and is further supported by a Management Team whose members are tasked to oversee key operating areas within the Group.</p> <p>The Board is guided by the prevailing legal and regulatory requirements as well as the Group's policies in discharging its fiduciary duties and responsibilities. There are nine (9) members on the Board, comprising four (4) Executive Directors (ED), three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The duties, powers and functions of the Board are governed by the Board Charter, the Companies Act 2016, Main Market Listing Requirements (MMLR) of Bursa Securities Securities Berhad (Bursa Securities) and other regulatory guidelines and requirements that are in force. The Board meets quarterly to review performances and strategies of the Group, with the convening of special Board meetings when the need arises.</p> <p>The Board assumes the following key duties which are discharged in the best interest of the Group, in pursuance of integrated regulatory and commercial objectives:</p> <ul style="list-style-type: none">• <i>Overseeing the conduct of the Group's business</i> <p>In discharging its fiduciary functions, the Board has acted in the best interest of the Group. The ED focus on the Group's core strength and oversee the day-to-day running of the Group's activities as they have pertinent information about the Group's business and industry's trends. The Board on the other hand questions whether the strategic plans proposed are appropriate for the Group taking into consideration the competitiveness in which the business operates.</p>

The measurement of the Management's performance are based on the results of the Group taking into consideration the current economic and market conditions. These parameters includes achievement such as turnover, profitability and market shares of prime product groups spanning across business operating divisions of the Group.

- ***Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures***

Frequent engagements with both the internal and external auditors have constantly reminded the Board of the risks faced by the processes that support the operations of the business, and how such risks can be mitigated by better operating procedures. In understanding that risks are unavoidable, the Board strives to strike a balance between risks and gains. The Board has set up a Risk Management Committee to identify, review, manage and report on both operational and financial risks and review the framework, whenever necessary.

- ***Succession planning***

The Board has put in place a Succession Planning Policy to address the issue of succession planning as part of the long term strategic plan to reinvent the UMS Group. The policy outlines the objectives, responsibilities and the processes in relation to succession planning and it applies to the succession planning of the EDs, Key Senior Management and all Head of Divisions. The Board is aware that suitability of candidates as well as availability of the appropriate talents and skills are crucial to the appointment of candidates whenever there are positions to be succeeded.

The Board also reminded its senior management team and the senior managers of the need to identify those among their staff who are capable of moving up the management hierarchy, and to mentor them on an informal basis. As already in practiced, many important positions have been filled internally by people who already understand the culture and the shared values of the Group. The internal promotions also provide employees with a viable career path and achievement that they can aspire to.

- ***Overseeing the development and implementation of a shareholder communications policy for the Company***

Where communication is concerned, the Company has a website (www.umsh.com) and under the heading of "Financial Centre" on the home page, a user can easily access any of the announcements, circulars, reports, etc., that the Company has provided to Bursa Securities. The contact numbers and e-mail address of the Company and its subsidiaries can also be found in the website for interested parties to contact the Company and/or the Group directly.

The official spokesperson for the Group is the MD for any interaction with the financial and investing community pertaining to shareholders' interest, any new corporate information and developments, governance and Corporate Social Responsibility ("CSR") issues. Direct engagement with shareholders is also conducted by the MD to ensure that

shareholders are given all information needed for them to make a proper evaluation about the prospects of the Group.

- ***Reviewing the adequacy and the integrity of the management information and internal controls system of the Company***

In reviewing the adequacy and the integrity of the management information and internal controls system of the business, the Audit Committee plays a pivotal role. Guided by the feedback and recommendations given by the internal and external auditors, the Audit Committee engages regularly with the Board to ensure proper compliance with standards, legal provisions and regulatory requirements. Our current Audit Committee is made up of three independent non-executive directors of which two of them are Chartered Accountant, including the Chairman.

The Board assumes the following key duties which are discharged in the best interest of the Group, in pursuance of integrated regulatory and commercial objectives:

1. Establishing and reviewing the Group's long-term direction, formulate business objectives and strategies through the understanding of the key drivers of the Group's performance in ensuring that the Group is responsive to changes in the business and economic environments.
2. Approving the Group's annual business plans, annual budget and carries out periodic review of the achievements by the various operating divisions against their respective business target.
3. The Board, together with Senior Management, promotes a sound corporate governance culture which reinforces ethical, business integrity, commitment to values, delivering sustainable values and managing shareholders' and stakeholders' expectation. The Board believes that upholding an effective Corporate Governance (CG) structure and culture within the Group can enhance shareholders' value and overall competitive positioning.
4. Ensuring the Group has appropriate business risk management process, including adequate control environment, i.e. the internal control systems and management information systems.
5. Ensuring that there is in place an appropriate succession plan for members of the Board and senior management.
6. To be accountable to its shareholders and stakeholders whom may be affected by the Group's decision such as employees, suppliers, customers, the local community and the state/country where the Group is operating.

The Board has delegated its power to the relevant Board Committees such as Audit Committee (AC), Nomination Committee (NC), Remuneration

	<p>Committee (RC), Risk Management Committee (RMC) to ensure the effective discharge of its functions and responsibilities. The roles for each Board Committee are as follows:</p> <ul style="list-style-type: none"> • AC to assist the Board in overseeing the financial reporting process as well as monitoring the accuracy and integrity of the Group’s annual and quarterly financial statements. The AC also reviews and evaluates the performance of external auditors in ensuring efficiency and effectiveness of the Group’s operation, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information. • NC is responsible for formulating nominating, selecting and reviewing succession planning for the Group. NC also determine criteria for Boards’ or Board Committees’ membership, structure, responsibilities and effectiveness, performance of the Directors, the Committees and the Board. • RC reviews, assesses and recommends to the Board, remuneration packages of the EDs and Key Senior Management of the Group. The Board acknowledges that in a competitive global environment where securing talents is a challenge, more attention is needed in managing human capital development. • RMC assists the AC and the Board in fulfilling its oversight responsibilities with regard to the implementation of the Risk Management Framework of the Group. RMC also identify, review, manage and report on both operational and financial risks and review the framework, whenever necessary. • Whistle-blowing channel has been established to protect all employees of the Group and its subsidiaries, other related parties with a business relationship with the Group or any other related persons who report with substantiated evidence, bona fide violations of legal, ethical and/or generally accepted corporate and/or workplace policies or behaviours to the Management and/or to external regulatory parties, from retaliation. <p>The Committees are established with specific responsibilities to oversee the Group’s affairs, with authority, to act on behalf of the Board as mandated in the respective committees’ terms of reference / charter. The AC, NC and RC term of reference / charter are available at the Company’s website at http://www.umsh.com.</p>
<p>Explanation for departure</p>	<p>:</p>

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

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	:	<p>The Board is led by the Executive Chairman, Mr. Ng Siow Hwa @ Ng Kok Hwa, whose principal responsibility is to instil good corporate governance practices, leadership and effective functioning of the Board.</p> <p>The roles and responsibilities of the Chairman are clearly specified in the Board Charter. They include, but are not limited to, the following:</p> <ol style="list-style-type: none">1. Provide leadership and run the Board effectively with the assistance of the Board Committees and management;2. Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;3. Ensure the Board annually reviews its performance and is balanced so as to achieve its effectiveness;4. Assist and guide the MD, ensuring the Board members are well briefed and have access to information on all aspects of the Company's/Group's operations;5. Setting the Board meeting agenda for consideration, giving emphasis on important issues challenged by the Group with emphasis on strategic, rather than operational issues;6. Chairing of General Meetings and Board meetings;7. Act as the Group's representative in its dealing with external parties;8. Help guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents;9. Promote the highest standards of integrity, probity and corporate governance of the Group;10. Ensure that General Meetings of the Company are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries <p>The roles and responsibilities of the Chairman of the Board have been clearly stipulated in the Board Charter which is available on the Group's website at http://www.umsh.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

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 Chairman of the Board of Directors and the Managing Director are being held by different individuals.</p> <p>The roles of the Chairman and the Managing Director (“MD”) are separated with Mr. Ng Siow Hwa @ Ng Kok Hwa as the Executive Chairman of the Board and Mr. Ng Seng Kong as the MD.</p> <p>The Chairman is responsible in leading the Board in its collective oversight of Management whilst the Managing Director is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Group.</p> <p>The Board Charter, available on the Group’s website (http://www.umsh.com), spells out the responsibilities of the Board as a whole and that of the Chairman and the MD in particular. The Board stresses the importance of achieving business objectives in good corporate governance manner and atmosphere. The Board’s oversight is there to ensure that Management does not overstep the boundaries of legal and morally acceptable behaviours.</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 two (2) qualified and competent Group Secretaries, namely Ho Mun Yee and Tam Fong Ying. Both Group Secretaries satisfy the qualification as prescribed under Section 235(2) of the Companies Act, 2016, and are Associate members of The Malaysian Institute of Chartered Secretaries and Administrators, and has the requisite experience and competency in secretarial services. The Group Secretaries continuously stay updated of the evolving market environment, regulatory changes and enhancement in corporate governance best practices by attending trainings.</p> <p>The Group Secretaries manage all Board, Board Committee and the group subsidiaries meetings and ensures accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Group.</p> <p>The Group secretaries give clear and sound advice on the measures to be taken and requirements to be observed by the Group and the Directors arising from new statutes and guidelines issued by the regulatory authorities to comply with relevant laws, rules, regulations and governance best practices, Boardroom effectiveness and directors' duties and responsibilities.</p> <p>The Group Secretaries play an advisory role to the Board particularly with regards to the Group's Constitution, Board policies and procedures, corporate governance best practices and its compliance with regulatory requirements, codes and legislations.</p> <p>All Board Members have access to the professional advice and services of the Group Secretaries, and are satisfied with the performance and support rendered by the Group Secretaries to the Board in discharging its functions.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.5

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 Chairman takes responsibility in ensuring that the Directors are given advance notice of Board and Committee meetings for the year, including the Annual General Meeting (AGM), as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. This will allow Directors to lock in their dates for advance planning. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.</p> <p>Board papers containing management reports and proposal papers are given to the Directors at least seven (7) days before Board meetings to ensure sufficient time for reviews, setting up the agenda and to seek additional information and/or clarification on the matters to be deliberated at Board meetings. Board members are provided with pertinent information such as minutes of previous meetings, financial reports and statements, etc., necessary to enable informed decision-making.</p> <p>The minutes of meetings are prepared and circulated to all the Directors for review and approval. All key points discussed, fundamental questions raised, decisions made during the meeting were recorded, including declaration of interest of the directors or any abstention on any resolution by the directors.</p> <p>Minutes of meetings are circulated to all Board members in a timely manner and signed by the Chairman of the Board/Board Committees as a correct record of the proceedings of the meeting based on confirmation from all the Board/Board Committee members. Directors may request further clarification or raise comments on the minutes prior to confirmation by the Board. The Board keeps abreast of key issues and decisions made by Board Committees through reports by the Chairman of each committee and via the minutes of Board Committee meetings presented to the Board.</p> <p>Each director, subject to applicable laws, shall have unrestricted access to all information within the Group, to senior management, and to the Group secretaries. Directors have the right, jointly or individually, at the Group's costs, to obtain independent professional advice where required.</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 Charter adopted by the Board clearly sets out the respective roles and responsibilities of the Board and the management to ensure accountability.</p> <p>The Board Charter sets out the roles and responsibilities of the Board, Board Chairman, Managing Director and Board Committees.</p> <p>The Board Charter covers the following key areas:</p> <ul style="list-style-type: none">• Role and responsibilities of the Board;• Board Structure;• Composition and Board Balance;• Appointment of Directors;• Re-election/Re-appointment of Directors;• Supply of Information to the Board;• Role of the Chairman;• Role of the MD;• Board Committees;• Board Meetings;• General Meetings;• Investor Relations and Shareholder Communication;• Relationship with other Stakeholders; and• Company Secretaries <p>The Board Charter is periodically reviewed by the Board and updated taking into consideration the needs of the Group as well as any development in relevant rules, regulations and laws that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is accessible for reference on the Group website at http://www.umsh.com.</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 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 Code of Conduct are highlighted in the Group's corporate website and Employees Handbook and distributed to all the employees of the Group. The contents of the employees handbook will be reviewed annually and made known to all the existing employees in writing on the relevance of its contents.</p> <p>Ethical behaviour within the Group is promoted and governed within the Group by a formalised Code of Conduct ("the Code"). The Code sets out the roles and responsibilities of the Board and the standard of conduct expected of Directors. The Board's function, amongst others, is to guide the Group on its short and long term goals. All employees are being briefed pertaining to the Code as well as the Group's whistleblowing policies.</p> <p>The Code is also contained in the Company's website (http://www.umsh.com) as well as the Employees Handbook. These codes provide as a guide to appropriate behaviours that promote honesty and integrity and covers engagement with both employees and with third party stakeholders. The procedures that guide whistleblowing activities are also included in the Code.</p> <p>The Code covers the following three (3) broad categories:</p> <ul style="list-style-type: none"> • Basic Policies; • Compliance; and • Whistleblowing.
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 Group has set up the Whistleblowing Policy and the policies and procedures are published on the Group’s corporate website (http://www.umsh.com).</p> <p>The Group’s Whistleblowing Policy adopted by the Board is to encourage its employees and external parties to report any suspected improper, unethical or illegal conduct or activities to the Head of Department or executive in charge of the applicable division, subsidiary or operating unit or to the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Vice President Human Resources. If an employee feels uncomfortable reporting suspected improper, unethical or illegal conduct or activities in such manner, the employee may report the conduct or activity directly or anonymously through the Company’s Code of Conduct Email at c.c@umsh.com.</p> <p>The Company’s policies expressly prohibit any form of retaliation against employees who:</p> <ul style="list-style-type: none"> • in good faith and for lawful purposes report, cause to be reported, or assist in the investigation of suspected improper, unethical, or illegal conduct or activities by anyone at the Company; • lawfully provide, or cause to be provided, information to, or assist in an investigation conducted by, any regulatory or law enforcement agency or legislative body, related to possible violations of securities laws, rules or regulations, or laws relating to fraud; or • file, cause to be filed, assist, participate, or give testimony in any proceedings filed or about to be filed related to such conduct. <p>The Company will not discharge, demote, suspend, threaten, harass, or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints.</p> <p>In addition to the Code of Conduct Email (c.c@umsh.com) or as alternative contacts, an employee may report to the Board Chairman or the Audit Committee Chairman, contact details are as follows:</p> <ul style="list-style-type: none"> • Board Chairman: board@umsh.com • Audit Committee Chairman: a.c@umsh.com

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>At present, one third of the Board comprised of independent directors.</p> <p>There are nine (9) members on the Board, comprising four (4) Executive Directors (ED), three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors, which is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities.</p> <p>The three Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgement. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of monthly business performances.</p> <p>The Independent Non-Executive Directors do not participate in the day-to-day management of the Group. They engage with senior management, external and internal auditors as and when required to address matters concerning the management and oversight of the Group's businesses and operations.</p> <p>The board is constantly searching for suitably qualified personnel to fulfill the recommendation.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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	:	The Company will be adopting the two-tier voting process to retain an independent director to serve the Board after the 12 th year. As of year 2018, it is the 18 th year Mr. Lee Kok Wei has served as an Independent Director of the Company. We shall seek shareholders' approval at the forthcoming AGM for his retention as an Independent Director through a two-tier voting process. The NC has undertaken an assessment on the contributions of Mr. Lee Kok Wei and recommended his retention.	
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	:	

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 the individual's skills, qualification and experience and their relevance to their respective job scope as decided by the MD.</p> <p>The Board has adopted a Diversity Policy, including gender diversity, which outlined the principle and objectives, independence, skills and experience, gender, ethnicity and age of Board members, and it is subject to update and/or revision, whenever necessary.</p> <p>The objectives of this Policy are to have a Board which :</p> <ol style="list-style-type: none"> a) is characterized by a broad range of viewpoints rather than just diversity in skills and experience; diversity in viewpoints will exist if there is diversity in gender, nationality, age, culture and socio-economic backgrounds; b) has sustainable development as its core value, and thus promotes the interests of our stakeholders, particularly the long term interests of our shareholders, fairly and effectively. <p>The NC is responsible for assessing and considering suitable candidates for the appointment of Board taking into consideration the required mixed of skills, knowledge, expertise, experience, professionalism, integrity and other qualities of the candidate before making its recommendations to the Board. The role of the NC is detailed in its Charter, which is accessible for reference on the Group's website http://www.umsh.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 4.5

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 is mindful of the need to comply with the gender diversity requirement. However, if there is any vacancy arises, apart from gender, priority will be given to the suitable candidates for the appointment to the Board taking into consideration the required mixed of skills, knowledge, expertise, experience, professionalism, integrity and other qualities of the candidate should bring to the Board. Currently, there are two female Directors on the Board.</p> <p>The Board will continue to take necessary measures to gradually achieve at least 30% women Directors on the Board in line with the policy pronouncement by the Government and the enumeration in MCCG.</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 4.6

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>The Board does not solely rely on recommendations from existing Board members, management or major shareholders. To broaden the availability the prospective candidates, we also seek assistance from independent sources.</p> <p>The Group has in place a formal and transparent procedure for the appointment of Directors to the Board via the NC. The current process with regards to the appointment of new directors to the board may come from a wide variety of sources, including industry database, senior employees of the Group, shareholders, industry associations, recruiting firms and others. It may obtain independent professional or other advice and may request the attendance of persons at meetings, if necessary.</p> <p>In appointing an appropriate individual to the Board, the NC will carry out the following processes in assessing the existing composition of the Board and its collective strength vis-à-vis the candidate's skillsets, expertise, experience as well as the integrity, existing commitments and potential conflict of interests before making recommendation to the Board for appointment :</p> <ol style="list-style-type: none"> i. Conduct annual assessment and review, identify Gaps /Vacancy; ii. Identification of Candidates; iii. Evaluation of Suitability of Candidates; iv. Interview Shortlisted Candidates; and v. Final Deliberation by Nomination Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 NC is chaired by Mr. Lee Kok Wei (Independent and Non-executive director).</p> <p>The NC carried out its duties in accordance with its Charter which can be obtained from the Group's website at http://www.umsh.com.</p> <p>The NC comprises three (3) members, all of whom are Independent Non-Executive Directors as follows -</p> <ul style="list-style-type: none">• Mr. Lee Kok Wei (Chairman, Senior Independent Non-Executive Director)• Ms. Oon Kim Suan (Member, Independent Non-Executive Director)• Ms. Kor Yann Ning (Member, Independent & Non-Executive Director)
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC will conduct Board performance evaluation annually which comprises Board assessment, Peer assessment and assessment on board committees, and present the outcome to the Board, reports findings to the Board for review and recommends appropriate actions to improve the performance and function of the Board.</p> <p>The process was conducted through the Directors' Peer Assessment questionnaires circulated to the Directors covering a variety of areas, such as:</p> <ul style="list-style-type: none">• Provide leadership, guidance and actively developing staff through general support and continuous assessment;• Integrity & ethics• Time commitment• Understanding the business of the Group;• Contributions to the Board decisions;• Participates actively and constructively in all of the Board decisions; and• Drawing up of action plan for addressing development needs (own) <p>The Board took cognisance of Practice 5.1 and will review the process periodically and improve the assessment process. The duly completed questionnaires were collated and the results reported to the NC for deliberation. Thereafter, the recommendations of the NC and the results of the evaluation were tabled to the Board. The results, in particular the key strength and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.</p> <p>Based on the assessment, the Board was broadly satisfied that taking into consideration the nature and the scope of the Group's operations and its business requirements, the current size and composition of the Board was appropriate and well balanced with diversity of skill set, knowledge and experience which would facilitate effective decision-making. The Board was also satisfied with the level of independence demonstrated by the Directors throughout the year and their abilities to act in the best interest of the Group.</p>

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

Intended Outcome

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 Group has in place a remuneration framework and procedures to determine the remuneration of the Directors which is clear and transparent, designed to attract and retain the right talent in the Board taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, and the Group's performance and market conditions. Each individual Director concerned abstained from discussion on their own remuneration/fees.</p> <p>The remuneration/fees of the Non-Executive Directors were determined by the Board are set at a level that is market aligned and reflects the qualifications and competencies required in view of the Group's size and complexity, the responsibilities and the time the Board members are expected to allocate to discharge their obligations as Board members.</p> <p>The remuneration of Executive Director (ED) is structured so as to link rewards to corporate and individual performance. The remuneration includes salary and emoluments, bonus and benefits-in-kind.</p> <p>The payment of Directors' fees and benefits payable to the Directors of the Group will be subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM").</p> <p>The remuneration of directors and key senior management is reviewed by the Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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>On an annual basis, the RC in consultation with the MD, will set a guideline for any remuneration changes for the members of the Group.</p> <p>The RC has written terms which deals with its authority and duties and the Terms of Reference is disclosed on the Group's website.</p> <p>The chair of the Committee is currently held by an Independent Non-Executive Director, Mr. Lee Kok Wei, and supported by two members, Ms. Oon Kim Suan and Ms. Kor Yann Ning. The composition, duties and authority of the Committee are disclosed in the Charter and is published on the Group's website at http://www.umsh.com for public viewing.</p> <p>The RC is responsible for making recommendations to the Board on the remuneration packages of Executive Directors and members of the Board Committees.</p> <p>RC Meetings shall be held at least once (1) a year. At least two (2) members must be present to constitute a quorum. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The breakdown details of each Director's remuneration for the financial period from 1 October 2017 to 30 September 2018 are set out in item 9 (page 16) of the section entitled "Additional Compliance Information" of the Corporate Governance Overview Statement.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The MCCG 2017 has recommended that the Company should disclose on a named basis, the detailed remuneration of the top five (5) Key Senior Management who are not Board members. The Board has considered and is of the opinion that the disclosure on the remuneration of the Key Senior Management is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential to avoid unhealthy comparison which might lead to discontentment among employees and an unharmonious working environment.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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 AC Chairman is always an Independent Non-Executive Director.</p> <p>The Chairman of the Audit Committee is Mr. Lee Kok Wei, an Independent Non-Executive Director, and is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the Audit Committee's findings and recommendations.</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 Committee does not have a written 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, as the Company does not practice appointment of a former key audit partner as a member of the Audit Committee.</p> <p>Nevertheless, the Audit Committee will look into setting up of the policy as the Company did not rule out the possibility when an extremely qualified candidate arises.</p> <p>To date, the Company has not appointed any former key audit partner as Director of the Company.</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 8.3

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>Before the AC recommend the External Auditors' (EA) re-appointment, it will use the guidelines set by Bursa Securities to assess the EA's independence as a criteria for the appointment.</p> <p>The Audit Committee has put in place policies and procedures to assess the suitability, objectivity and independence of the external auditor. The Audit Committee is responsible for reviewing the audit and non-audit services provided by the external auditors.</p> <p>Written assurance from the external auditors by the Audit Committee 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.</p> <p>In addition, the Audit Committee also obtained annual confirmation from the external auditors on its independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).</p> <p>The Audit Committee is satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 30 September 2018 and has recommended their reappointment for the financial year ending 30 September 2019.</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	:	<p>The Audit Committee consists of three members and are exclusively of Independent Non-Executive Directors.</p> <p>The present members of the Audit Committee of the Company are:</p> <ul style="list-style-type: none">a) Mr. Lee Kok Wei (Independent Non-Executive Director; Chairman)b) Ms. Oon Kim Suan (Independent Non-Executive Director; Member)c) Ms. Kor Yann Ning (Independent Non-Executive Director; Member)

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Two out of the three AC members are qualified Chartered Accountants and the other member is a Certified Financial Planner in Malaysia. All of them need to undertake continuous professional development programme / training to upkeep their professional status.</p> <p>The Audit Committee is established by the Board and comprises three (3) Members, all of whom are Independent Non-Executive Directors. Collectively, the Audit Committee Members have a wide range of necessary skill, knowledge and experience to discharge their duties.</p> <p>The Audit Committee Members are financially literate and are able to understand, analyse, critically and objectively review, challenge and make recommendations on matters under the purview of the Audit Committee, including the financial reporting process. Two of the Audit Committee members are Chartered Accountants.</p> <p>Members of the Audit Committee continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the management and the external auditors.</p> <p>Through the NC, the Board reviews the term of office of the Audit Committee and assess the performance of the Audit Committee annually. Having reviewed the Audit Committee's performance, the Board is satisfied that the members had discharged their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.</p> <p>The profile of each of the Member of the Audit Committee is set out in the section of "Profile of Directors" in Annual 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

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 has established a Risk Management Committee and Internal Audit Department to oversee the risk management and internal control framework of the Group.</p> <p>The Board is responsible for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.</p> <p>The Board has in place a risk management and internal control systems which enables Management to identify, assess, prioritise and manage risks on a continuous and systematic basis.</p> <p>The Board is further assisted by the Audit Committee, Risk Management Committee and the Management who is overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board.</p> <p>The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliance with regulatory and statutory requirements. Any major changes to risks or emerging significant risk of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Management.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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>Management is responsible to manage the key business risks of the Group and implement appropriate internal control systems to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss. These systems can therefore provide only reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>The Board via the Audit Committee, Risk Management Committee and the Management oversees the Group’s risk management, reviews the adequacy and effectiveness of the risk management framework and system of internal controls, and the policies and compliance procedures with respect to business practices.</p> <p>The Management is also assisted by the Internal Audit function in evaluating the effectiveness of the Group’s risk management and internal control system. The Board also obtains such assurance from Management and other assurance providers in ensuring the adequacy and effectiveness of its risk management and internal control systems.</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 Risk Management Committee was established by the Board, comprises five (5) Members with a majority of Independent Non-Executive Directors to oversee the Group's risk management framework and policies.</p> <p>The Committee will then review the Risk Management Report submitted by the Risk Management Working Group (comprising the Head of Departments, Internal Auditor and the EDs). The working group will identify, review, manage and report on both operational and financial risks.</p> <p>The present members of the Risk Management Committee are:</p> <ul style="list-style-type: none">a) Mr. Lee Kok Wei (Independent Non-Executive Director; Chairman)b) Ms. Oon Kim Suan (Independent Non-Executive Director; Member)c) Ms. Kor Yann Ning (Independent Non-Executive Director; Member)d) Mr. Ng Seng Kong (Managing Director)e) Mr. Ng Seng Haut (Executive Director)

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC will review the internal audit process to be undertaken on a timely manner . The AC will also review and approve the IA plan annually and the IA will submit its findings directly to the AC.</p> <p>It is the policy of the Group to maintain an internal audit function as a primary resource of Audit Committee in the effective discharge of its duties and responsibilities by reviewing and evaluating the Group’s operations, adequacy and effectiveness of the internal control and governance processes.</p> <p>The Internal Audit function of the Group is independent of operations and endeavours to provide independent, objective assurance and consulting services to the Board on the effectiveness and adequacy of the Group’s system of internal control and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The Internal Audit engagements were carried out based on the audit plan as approved by the Audit Committee. During the financial year, the results of the audits as disclosed in the Internal audit reports were reviewed by the Audit Committee.</p> <p>The internal audit scope contained the compliance with policies, procedures and standards, relevant external rules and regulations, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies. Corrective and preventive actions as well as agreed deadlines to complete the actions. Reports that require significant improvement opportunities and/or shows critical control deficiencies were tabled to the Audit Committee for deliberation.</p> <p>The Internal Audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p> <p>The details of the Audit Committee’s oversight over the Internal Audit function are set out under the Audit Committee Report.</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

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

Practice 10.2

The board should disclose–

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

Application	: Applied
Explanation on application of the practice	<p>The Group has set up its own internal audit department which reports directly to the Audit Committee. The internal audit department is headed by Mr. Fong Keat Yin and assisted by Mr. Alvin Chong Jiann Shyong to perform the internal audit work for the Group. Mr. Fong Keat Yin, Malaysian, aged 54, is the Internal Auditor of UMS Holdings Bhd since 2003 and is responsible for internal auditing of the UMS Group until present. He attained The Associated Examining Board in Accounting (Advanced Level) in 1983.</p> <p>Prior to joining the Company, in 1985 ~ 1988, he worked in an accounting and auditing firm in Kuala Lumpur, responsible for clients' accounting and he was given opportunities to perform full auditing tasks. He has gained various exposures in clients' accounting and auditing experience.</p> <p>In 1989 ~ 1992, he was responsible for a full set of accounts and was involved in production costing for UMS Manufacturing Sdn Bhd. In 1992 ~ 1994, he joined a billboard advertising company as Accounts Supervisor. He joined UMS Corporation Sdn Bhd, a subsidiary of UMS Holdings Bhd, in 1994 ~ 2002 as Accounts Executive, being seconded to Rokonma (M) Sdn Bhd and fully responsible for the manufacturing accounting. He was then promoted as the Internal Auditor of the UMS Group in 2003.</p> <p>The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence and the internal audit function is carried out in accordance with a recognized framework that is relevant to the nature of the Group's businesses.</p> <p>The Committee reviews internal audit and monitors its relationship with the statutory auditors, including plans and performance. It reviews and assesses the quarterly internal audit reports together with Management's actions on findings to gain assurance as to the effectiveness of the internal control framework throughout the Group.</p> <p>The total costs incurred for the Internal Audit during the financial year was RM207,792.22.</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 Company will announce and publish on a timely and regular basis its results through Bursa Securities and the Company's website. Any other material information affecting the Group will be disseminated to all relevant authorities and stakeholders via relevant channels.</p> <p>The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large as a key element of good corporate governance and thus, maintains a high level of disclosure and communication with its shareholders through disclosure to Bursa Securities.</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, quarterly results, AGM and corporate website. The Group's annual report contains comprehensive information of the Group's corporate and operations, with its contents continuously enhanced to better reflect transparency and accountability.</p> <p>The Group maintains a corporate website at http://www.umsh.com which is accessible by the shareholders, investors and members of the public to obtain information on the Group's corporate information, operation activities and financial performance. The Board Charter, Code of Conduct, Terms of Reference of the Audit Committee, NC, RC as well as other relevant and related documents or reports relating to Corporate Governance are made available on the aforesaid website.</p> <p>The Board also adopted the Corporate Disclosure Policy where the Company's MD is the official spokesperson to communicate with audience constituents and respond to questions in relation to the corporate version, strategies, developments, future prospects, financial plans and operations matters.</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

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 Company is not considered a Large Company as its market capitalization is less than RM2 billion.	
	:	The Company will consider adopting integrated reporting when the need arises to adopt integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company will give at least 28 days' notice prior to the AGM.</p> <p>The Board recognises the significance of the AGM as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM</p> <p>Notice for Annual General Meeting for the financial year ended 30 September 2018 was issued thirty-one (31) days in advance than the specified timeline requirement of twenty-eight (28) days.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at 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	:	

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>All questions raised will be addressed by the relevant Directors at the General Meetings. Any questions needing any extra information will be answered to the respective shareholder at the later date.</p> <p>The Annual General Meeting remains the principal forum for dialogue with shareholders. The Chairman of the Board encourages shareholders' active participation in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.</p> <p>All Directors including the Chair of all the respective Board Committees attended the last AGM to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p>All Directors have confirmed their attendance for the forthcoming AGM to be held on 4 March 2019. The Board members who are also members of the Board Committees will attend the AGM to provide responses to questions that may be raised by the shareholders if addressed to them.</p> <p>The Minutes of the AGM in year 2018 was made available on the Company's website.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company will consider the use of technology after taking into consideration the circumstances and its practicality.</p> <p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. This is in line with the amendments of the Listing Requirements in mandating poll voting for all resolutions set out in the notice of general meetings.</p> <p>The Company shall ensure through its Polling Agent, that all valid proxy or corporate representatives or attorney appointments are properly received and recorded.</p> <p>The Company's AGM will be held in Kuala Lumpur, which is a central location and easily accessible by members who would like to attend the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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

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