

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5289
COMPANY NAME : TECHBOND GROUP BERHAD
FINANCIAL YEAR : June 30, 2019

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 of Directors' ("Board") of the Company have their roles and responsibilities set out in the Board Charter which is available on the Company's website, www.techbond.com.my.</p> <p>The Board takes an active role in the development of the Group's strategies, is actively involved in the review and formulation of sustainability matters and monitors the implementation of the Group's strategic goals.</p> <p>The Board is clear that they shall act in the best interest of the Company not only with regards to business growth and also management of stakeholders' expectation.</p> <p>The Board has delegated some of roles to the following board committees to ensure more effectively discharge of their duties:-</p> <ul style="list-style-type: none"> (a) Audit & Risk Management Committee; (b) Nomination Committee; and (c) Remuneration Committee. <p>Each board committee is governed by its own terms of reference which are align with the Malaysian Code of Governance. The chairman of each committee will report to the Board the findings of their meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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 chaired by Independent Non-Executive director. His roles and responsibilities are set out in the Board Charter which is available on the Company's website, www.techbond.com.my.</p> <p>The Chairman provides leadership to the Board and at meetings plays an active role in providing active direction to the conduct of meeting, discussion on critical issues discussed by the Board and ensure that all directors are provided with opportunity to share their views and/or to seek further clarification.</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	:	The roles of Chairman and CEO are held by different individuals. The Board is chaired by Dato' Hamzah Bin Mohd Salleh and Mr Lee Seng Thye is the Managing Director of the Group. It is expressly set in the Board Charter that the roles of the Chairman and Managing Director shall be held by different individuals.	
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	:	The Board is supported by three (3) qualified company secretaries, namely Wong Wai Foong, Lim Hooi Mooi and Ong Wai Leng, all of whom are professionally qualified members of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The company secretaries have performed their roles to advice the Board on regulations, listing requirements and corporate governance. They draft notices of meetings, take minutes of meetings, make appropriate submission to the Companies Commission of Malaysia (CCM) and Bursa Malaysia Securities Berhad.	
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 has an annual calendar of meetings inclusive of meetings of Board Committees. Directors' time are booked in advance so as to facilitate the meetings required to be held. In order for the Board to have sufficient time to study the materials, the Board Charter sets out that meeting materials should be circulated at last five (5) business days prior to the meetings. This was adhered to. The Board has access to Management and in event information is required, they are able to obtain the information directly from Management.</p> <p>Board minutes are circulated to the Board as soon as practicable after meeting for review and comment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Board Charter have set out clearly the roles and responsibilities of the Board, the individual directors, board committees, managing directors, independent directors and both executive and non-executive directors. The issues and decisions reserved for the Board are also stated in the Board Charter under Annexure A.</p> <p>The Board will periodically review the Board Charter in order to keep it updated and fits the Company needs and where applicable also updated with any new regulations which may affected the Board's duties and responsibilities.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The first draft Code of Conduct and Ethics ("Code") was tabled on 21 February 2019 and approved on 9 October 2019. It was formalised to set out a standard of behaviour to be complied by the Directors, management, employees and, where applicable, counterparts and business partners. The Code implemented the policies and procedures which included the way for managing conflicts of interest, prevention of abuse of power, corruption, insider trading and money laundering. The Code forms part of the Board Charter and is published on the Company's website, www.techbond.com.my .	
		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

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 Company recognises the importance of a formal communication channel for affected stakeholders to report any illegal, unethical or questionable practices. Hence, the Board has established a whistleblowing policy so that legitimate concerns can be reported through the avenues as set out. The chair of the Audit Committee is appointed to oversight the whistleblowing function.</p> <p>The Whistleblowing Policies and Procedures which is reviewed annually is published on the Company's website, www.techbond.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company have a total of five (5) directors and two (2) alternate directors. Out of the five (5) directors, three (3) are independent directors, equivalent to 60% of the composition of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The policy on tenure of independent directors was adopted and forms part of the Board Charter. Independent directors whose tenure exceeds the term of nine (9) years may continue to serve on the Board as non-independent director. However, if the Board intends to retain the independent director after the nine years, he shall seek for shareholders' approval.

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>In the terms of reference of Nomination Committee, the purpose of Nomination Committee is to assist the Board to establish policy to ensure mix of skills, independence and diversity (including gender diversity) of the Board in order to meet the needs of the Company, undertaking nomination and election process of directors and determine the criteria used in the selection process for the directors and also the senior management. Lastly to assess and evaluate the Board, board committees, individual directors and senior management. A Board Diversity Policy was approved by the Board of Directors on 21 February 2019 and revised on 14 August 2019.</p> <p>The Terms of Reference of the Nomination Committee is available on the Company's website, www.techbond.com.my.</p> <p>The Board is satisfied with the current optimum Board size and is of the view that the current competition has a strong committed and dynamic Board with the right mix skills to contribute to the achievement of the Company's goals.</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 4.5

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	:	The Company was only listed on 5 December 2018 and its policy on gender is included in the Board Diversity Policy, which was adopted on 21 February 2019 and reviewed on 14 August 2019. Currently, there are two (2) female directors on the board, namely Mdm Tan Siew Geak (Executive Director) and Pn Selma Enolil Binti Mustapha Khalil (Independent Non-Executive Director), representing 40% of the total Board member.
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 Company was only listed on 5 December 2018. The Nomination Committee is to identify and recommend suitable candidates for appointment as directors. It may source candidates from existing board members, management, major shareholders and through independent sources, as stipulated in the terms of reference which available on the Company's website, www.techbond.com.my.</p> <p>Since its listing, there was no new appointment of directors. The Company however appointed two alternate directors, from senior management, as alternate to the Executive Directors. This was to put in place and provide an opportunity for suitably qualified executive staff to understanding and eventually through succession planning be considered as candidate for appointments 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

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee of the Company comprises of Independent Non-Executive Directors. The chairman of the Nomination Committee is Dato' Hamzah Bin Mohd Salleh, the 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>To ensure the effectiveness of the overall Board, an evaluation was conducted on each of the individual directors and also evaluation on the board committees which was facilitated by the Company Secretary. The Nomination Committee establishes and implements the evaluation process and ensure proper documentation.</p> <p>The evaluation and assessment process were clearly stated in the Board Charter which published on the Company's website, www.techbond.com.my.</p> <p>In conducting the evaluation the following criteria was looked into:-</p> <ol style="list-style-type: none">1. Assessment of the effectiveness of the Board as a whole:<ul style="list-style-type: none">- Board Structure/Membership- Board Functionality- Board Terms of Reference- Board Meetings- Contents of Board Meetings- Management/Management Presentations- Corporate Governance- Other Matters2. Assessment on Individual Board Member via Self & Peer Evaluation<ul style="list-style-type: none">- Contribution to Interaction- Quality of Input- Understanding of Role3. Assessment of the Effectiveness of Board Committees<ul style="list-style-type: none">- Review of Terms of Reference- Efficiency of the Board Committees while carry out their duties- Procedure of the Board Committees' meetings4. Assessment on Independence of Directors<ul style="list-style-type: none">- Background- Family Relationships- Economics Relationships- Ability to act independently

	<p>All the Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Board Committees. The results were then collated by the Company Secretaries and tabled to the Remuneration Committee for deliberation. The review supported the Board's decision to endorse all retiring Directors standing for re-election.</p> <p>The assessment report was deliberated and circulated by the Nomination Committee to the Board.</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

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 terms of reference of Remuneration Committee has included the duty to develop a remunerations policies and procedures for the Chairman, Managing Director, Executive Directors, Non-Executive Directors, Board Committees, Group Finance Director and other key senior management. Various aspects are taken into consideration while determining their remuneration package included their achievement, contribution and performance. For key senior management their remuneration is aligned to the short-term and long-term objectives and growth of the Company.</p> <p>The remuneration package will be reviewed annually and the terms of reference of Remuneration Committee is available on the Company's website, www.techbond.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Remuneration Committee played a role in developing and administering a formal, fair and transparent policies and procedure for determining the remuneration for Directors and key senior management of the Company and its subsidiaries ("Group"). The remuneration package is designed to be competitive, adequate and in line with current market practice to attract, retain, motivate and reward the right talent of Directors and key senior management and is aligned with the Group's strategy taking into account the short-term and long-term value creation strategic plans of the Group.</p> <p>The terms of reference of the Remuneration Committee is available on the Company's website, www.techbond.com.my.</p> <p>For the FY2019 the Remuneration Committee carried out the following:-</p> <ol style="list-style-type: none">1. Reviewed and recommended to the Board the proposed Directors Fees and Benefits payable in respect of the FY2019.2. Reviewed and recommended the Board Remuneration Policy.3. Reviewed the Terms of Reference of Remuneration Committee.4. Considered and recommended for the Board's approval the increment and bonus payment of the Managing Director and Executive Directors for the FY2019. <p>The Board, as a whole, determines the remuneration of the Non-Executive Directors, with each Director concerned abstaining from any decision with regard to his/her remuneration. The recommended remuneration shall be noted on at the Annual General Meeting by 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

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 detail disclosure on the remuneration of the individual directors on named basis can be found under the Company's Corporate Governance Overview Statement. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.
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 Company is in the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Company's Key Senior Management Personnel who are not directors of the Company.	
		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 Chairman of the Board is Dato' Hamzah Bin Mohd Salleh while the Chairman of the Audit Committee is Mr. Ooi Guan Hoe.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available on the Company's website, www.techbond.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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>In the Terms of Reference of the Audit and Risk Management Committee (“ARMC”), a former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least two (2) years before he/she being appointed as a member of the ARMC.</p> <p>Currently, there is no member of the ARMC who was a key audit partner in the last 2 years before appointed as a member 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

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 Terms of Reference of the Audit and Risk Management Committee ("ARMC") has included the responsibility for the Committee to evaluate and assess the external auditors on their suitability, independence and objectivity as external auditors, and the assessment is to be performed annually. The policies and procedures is listed in the External Auditors' Policy which was approved by the Board on 21 February 2019.</p> <p>The Terms of Reference of the ARMC is available on the Company's website, www.techbond.com.my.</p> <p>The ARMC had conducted its annual assessment on the External Auditors and was satisfied that the External Auditors had satisfied the independence criteria. The ARMC was also satisfied with the performance of the auditors.</p> <p>The External Auditors has provided their written confirmation on their independence throughout the audit engagement.</p> <p>Based on the above the ARMC had recommended and the Board, upon the recommendation have tabled the re-appointment of the External Auditors for shareholders' approval at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 Audit and Risk Management Committee comprises three (3) Independent Non-Executive Directors.

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 members of Audit and Risk Management Committee ("the Committee") have relevant accounting knowledge and background with a wide range of skills and knowledge from business administration, account, finance, law and others. The Committee is chaired by Mr Ooi Guan Hoe, the independent non-executive director, who is a member of the Malaysian Institute of Accountants and 2 independent non-executive directors, Dato' Hamzah Bin Mohd Salleh and Puan Selma Enolil Binti Mustapa Khalil.</p> <p>In the Terms of Reference, the members are required to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The members have participated and attended different training, seminar, conference and any other relevant programme which could help them to discharge their duties professionally.</p> <p>Based on the outcome of the Annual Board Assessment carried out the Board is satisfied with the performance of the ARMC.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognise the importance of a sound internal control system and risk management framework to ensure the Company is operating smoothly and the potential risks are all well mitigated or avoided. The Company have engaged an independent internal auditing consultant firm to assist in internal control and has engaged an independent risk management consultant firm to establish an effective risk management framework.</p> <p>It is part of the Audit and Risk Management Committee's duties and responsibilities to monitoring, reviewing, overseeing and assessing the risk management strategy and process and internal control environment within the Group to ensure a sound risk management framework and internal control system are established. The review and testing on the internal control and risk management framework is done annually.</p> <p>The Statement on Risk Management and Internal Control, set out in the Company's 2019 Annual Report provides an overview of the internal control and risk management framework adopted by the Company.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company was only listed on 5 December 2018 and had established its risk management and internal control framework on 9 October 2019.</p> <p>The Audit and Risk Management Committee, with the assistance of the Senior Management, reviewed and adopted for the Board's approval matters related to the Group's risk management.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee is incorporated under the Audit and Risk Management Committee.

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 Company have engaged an independent internal auditing consultant firm to undertake the role on internal auditing and internal review. They report on a quarterly basis to the Audit and Risk Management Committee ("the ARMC") and table the internal audit report for review.</p> <p>Under their Terms of Reference, the Committee shall ensure the internal audit function is effective and able to function independently and will periodically review the appraisal and assessment of the performance of the internal audit function and the performance of internal auditor.</p> <p>The ARMC had reviewed the Internal Audit function and was satisfied with its performance. During the year the internal auditors had reviewed the operations of the Company's subsidiary. Techbond Vietnam Co Ltd in the areas of procurement, Production and Quality Control and Health, Safety and Environment. Recommendation by the Internal Auditors were accepted and implemented. No adverse findings were found.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s internal audit function is outsourced to professional service firm Axcelasia Columbus Sdn Bhd. The Engagement Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA). The number of staff deployed for the internal audit reviews ranges from 3 to 4 staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence.</p> <p>The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).</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 have the following posted on their company website, www.techbond.com.my, building a communication channel between the Company with the stakeholders:-</p> <ol style="list-style-type: none"> 1. Announcement submitted to Bursa Malaysia; 2. Corporate information, 3. General telephone number, fax number and email address. <p>The Annual General Meeting ("AGM") is the main forum of dialogue with shareholders and this opportunity is given for shareholders to seek and clarify issues and to allow shareholders to obtain a better understanding of the Company and its businesses.</p> <p>Other than the AGM the Company also communication via its annual report, quarterly financial statements and announcements.</p> <p>The Company's website also provides material information plus there is a dedicated investors site where corporate information is posted.</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable. The Company does not fall under the Large Company category.	
		Stakeholders will still be able to make informed decision based on the current communication framework.	
		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

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

Practice 12.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company was only listed on 5 December 2018. The notice of 2018 Annual General Meeting as a public company was less than 28 days. However, the Company will circulate the notice of the 2019 Annual General Meeting at least 28 days prior to the meeting.	
		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

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	:	The Company was only listed on 5 December 2018. However, all directors attended the 2018 Annual General Meeting as a public company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	As the Company was only listed on 5 December 2018, it has yet to convene any general meeting as a public listed company.
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	:	

**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.

Not applicable
