

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5142
COMPANY NAME : WAH SEONG CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 ("the Board") of Wah Seong Corporation Berhad ("the Company" or "WSC") is responsible for the strategic planning, overseeing the proper utilisation and management of its resources and operational conduct, identifying and implementing appropriate systems to mitigate and manage principal risks, reviewing the adequacy and integrity of its internal control, risks management and management information systems and ensuring that a management succession plan, a dedicated investor relation and shareholders' communication policy are in place in meeting the Company's goals and objectives.</p> <p>The Board together with the Managing Director/Group Chief Executive Officer ("CEO") and the respective Management team(s), where applicable, developed the Group's corporate goals, objectives and policies and setting the appropriate limits of empowerment of its respective Management/Committees' authority, duties and responsibilities.</p> <p>The Board exercises due care and diligence in discharging its fiduciary duties and responsibilities and in ensuring that high ethical standards are applied in practising and upholding good corporate governance and through the compliance with the relevant rules and regulations, directives and guidelines and the adoption of the relevant principles and practices of the Malaysian Code on Corporate Governance 2017 ("MCCG") in addition to acting in the best interest of the shareholders, stakeholders and the Group, taking into account diverse perspectives and insights.</p> <p>The Board has established a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the key values, mission, principles and ethos of the Company. The Board Charter is available on the Company's website at www.wahseong.com.</p>

	<p>Apart from the aforesaid principal roles and responsibilities of the Board, the Board also delegates certain responsibilities to the following Board Committees/Sub-Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities:-</p> <p>(a) Audit Committee (“AC”); (b) Nomination Committee (“NC”); (c) Remuneration Committee (“RC”); and (d) Risk Management Committee (“RMC”).</p> <p>While the Board Committees/Sub-Committees have their own functions and delegated roles, duties and responsibilities, they will report to the Board with their decisions and/or recommendations. Hence, the ultimate responsibility and decision on all matters lies with the Board.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Chairman of the Board who is a Non-Independent Non-Executive Director is also a shareholder who has substantial interest in the Company. He is well placed to act on behalf of the shareholders and stakeholders and in their best interest and in providing Board leadership. The Chairman is assisted by the Group Company Secretary in overseeing the compliance and governance matters of the WSC Group.</p> <p>There is a clear separation between the Chairman's role and the Managing Director/Group CEO's role to ensure a division of responsibilities and a balance of control, power and authority.</p> <p>The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness, while the Managing Director/Group CEO manages the business and operations of the Group and implements and develops the Board's decisions, policies and strategies.</p> <p>The Chairman and the other members of the Board together with the Management and the Company's External Auditors will be in attendance at Annual General Meetings to provide explanations to all shareholders' queries.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:-</p> <ul style="list-style-type: none">- all Directors are properly briefed on issues arising at Board meetings; and- sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion. <p>The Chairman, in consultation with the Group CEO and Group Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.</p> <p>The Chairman will also ensure that every Board resolution is put to vote by the Directors to ensure the will of the majority prevails.</p>

	<p>The Chairman will have a casting vote in the event of an equality of votes except where any two Directors form a quorum and where only two Directors are competent to vote on the question at issue.</p> <p>The details of the roles and responsibilities of the Chairman of the Board are clearly specified in the Board Charter which is available on the Company's website at www.wahseong.com.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

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 Board is led by Dato' Seri Robert Tan Chung Meng as the Non-Independent Non-Executive Chairman and Mr. Chan Cheu Leong as the Managing Director/Group CEO. There is a clear separation between the Chairman's role and the Managing Director/Group CEO's role to ensure a clear division of responsibilities and a balance of control, power and authority.</p> <p>The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness, while the Managing Director/Group CEO manages the businesses and operations of the Group and implements and develops the Board's decisions, policies and strategies.</p> <p>The distinct and separation roles and responsibilities of the Chairman and Managing Director/Group CEO are clearly articulated in the Board Charter which is available on the Company's website at www.wahseong.com.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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>Ms. Irene Woo Ying Pun, the Group Company Secretary of the WSC Group is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and is qualified under Section 235 of the Companies Act 2016 (“the Act”). She is a qualified Chartered Secretary and a Chartered Governance Professional. She heads the Group Corporate Secretarial Department of WSC and is a member of the key senior management team of the WSC Group. She was appointed to the position since 3 November, 2008.</p> <p>Ms. Woo has more than 28 years of extensive relevant working experience in the corporate secretarial practice both as the in-house Group Company Secretary for large public listed groups as well as in large professional consultancy firms. She obtained her initial training of more than six years in Signet & Co. Sdn. Bhd, the Corporate Secretarial arm of Messrs. Ernst & Young.</p> <p>She plays an important role in advising and assisting the Board and Committees in achieving good corporate governance and ensuring compliance with statutory laws, rules and regulations and in safeguarding the Company's and Board's interests.</p> <p>She ensures that the Group complies with the Act, Main Market Listing Requirements (“MMLR”), Capital Markets & Services Act, 2007 (“CMSA”) and all relevant acts, rules, regulations, codes and guidelines of the relevant authorities and governmental/regulatory bodies and their relevant updates and amendments from time to time.</p> <p>She assists the Board of Directors in overseeing and advising on the relevant aspects of the regulatory, compliance and corporate governance matters of the Group. She attends all meetings of the Board of Directors and all meetings of the Committees and Sub-Committees of the Board and captures all discussions and deliberations thereat comprehensively and accurately in her minutes. Her prompt and well written minutes and advices given to the members of the Board have so far assisted the Board of Directors in making informed decisions as well as for the Management to promptly act on decisions approved by the Board. The Board of Directors is satisfied with the competent performance and support rendered by the Group Company</p>

	<p>Secretary in the discharge of their duties and functions as members of the Board.</p> <p>The details of the roles and responsibilities of the Group Company Secretary are clearly specified in the Board Charter which is made available on the Company's website at www.wahseong.com.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

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 stresses on having timely reports and has full access to quality information which is not just historical or bottom line and financial oriented but information that goes beyond assessing the quantitative performance of the Group and other performance factors e.g. customer satisfaction, product and service quality, market share, market reaction, environmental protection, etc.</p> <p>The Board is briefed on a timely manner on all major financial, operational and corporate matters. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and sensitive, would only be distributed to the Directors at the Board meeting itself.</p> <p>The Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties. Through regular Board meetings, the Board receives updates, written reports and supporting/discussion documents on the development and business operations of the Group, as well as on potential corporate exercises, proposals, mergers and acquisitions. Minutes of the respective Board Committees' meetings are presented at Board meetings. The respective Board Committees' Chairman will brief the Board on major issues deliberated by each of the Board Committees.</p> <p>The Board meetings for each financial year are scheduled before the end of the preceding financial year, to enable the Directors to plan ahead and fit the year's meetings into their own schedules. The Board meets on a scheduled basis of at least four (4) times a year and has a formal schedule of matters specifically reserved for the Board to decide in order to ensure that the direction and control of the Company firmly rests in its hands, for example strategic financial and investment decisions. Additional or ad-hoc Board meetings can be convened as and when necessary.</p> <p>The Notice of Meetings together with the relevant Board Papers compiled by the Group Company Secretary shall be circulated to all the Directors at least five (5) working days before the Meeting unless the Directors agree to a shorter period.</p>

	<p>In order to facilitate a productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions.</p> <p>The Board reviews and deliberates on the Group's financial performance and results, business operations, budgets, reports of the various Board Committees, risks management, business plans, corporate exercises and strategic financials and investments decisions.</p> <p>All issues discussed, decisions and conclusions including dissenting views made and whether any Director abstained from voting or deliberating on a particular matter at the Board/Board Committee Meeting with required actions to be taken by responsible parties are documented in the minutes by the Group Company Secretary.</p> <p>Minutes of the 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.</p>	
<p>Explanation for departure</p>	<p>: Not Applicable</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>: Not Applicable</p>	
<p>Timeframe</p>	<p>: Not Applicable</p>	<p>Not Applicable</p>

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 and Terms of References (“TOR”) for Board Committees sets out the principal functions, composition, roles and responsibilities of the Board of Directors of the Group and also the functions and responsibilities delegated to the Board Committees as well as to the Management of the Company and its Group.</p> <p>The objectives of the Board Charter and TORs are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.</p> <p>The Board Charter and TORs had been revised/ updated in accordance with the latest amendments to the Act, MMLR and MCCG and reviewed by the Board Committees and approved by the Board on 28 December 2018.</p> <p>The Board Charter and TORs are published on the Company's website at www.wahseong.com.</p> <p>The Board Charter established by the Board sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the key values, mission, principles and ethos of the Company. The Board Charter serves as a source of reference for Board members as well as a primary induction literature for new Board members in respect of their duties and responsibilities and the various legislations and regulations governing their conduct with the application of principles and practices of good corporate governance in their business conduct. The Board Charter would be reviewed and updated periodically as and when the need arises. The Board Charter was last reviewed by the Board on 28 December 2018.</p> <p>The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate goals and objectives:</p>

	<ul style="list-style-type: none"> • reviewing and adopting the strategic plans and direction of the Group; • overseeing and evaluating the conduct of the Group's businesses; • reviewing, challenging and deciding on Management's proposals and recommendations and monitor their implementation where appropriate; • identifying principal risks and ensuring that appropriate internal control and risk management and mitigation measures are implemented to manage these risks; • succession planning including the implementation of appropriate systems for recruitment, training, determining compensation benefits and replacement of Senior Management staff; • developing and implementing an investor relations programme to enable effective communications with the shareholders and stakeholders; • supervising and assessing Management's performance in managing the businesses of the WSC Group; and • reviewing the adequacy and integrity of the internal control systems and management information systems which includes sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directive and guidelines. 	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board observes high standard of ethical conducts based on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Board of Directors has also established the Principles of Business Conduct as guidance for the conduct of the Group's business and on issues pertaining to conflict of interest and related parties which may affect any members of the Board. The Principles of Business Conduct is available on the Company's website at www.wahseong.com .	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to achieving and maintaining high ethical standards with regards to behavior at work and hence the Principles of Business Conduct are established. The Principles of Business Conduct of the Group is a formal document which sets out the guiding principles and standards in which the employees and Directors shall adhere to in conducting the day to day duties and operations.</p> <p>In conjunction with the above, the Company has also disseminated its Whistle Blowing Policy and Procedures by which an employee or stakeholder can report or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, illegal act or failure to comply with regulatory requirements.</p> <p>The Principles of Business Conduct and procedures of the Whistle Blowing Policy, in raising such genuine concerns to the established channels are available on the Company's website at www.wahseong.com.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	Not Applicable
Explanation for departure	:	<p>The Board currently has seven (7) Directors, comprising three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors (inclusive of a Non-Independent Non-Executive Chairman) and two (2) Executive Directors.</p> <p>Out of the seven (7) members, three (3) members are Independent Non-Executive Directors, representing approximately 43% of the Board. The Board composition is balanced and complies with Paragraph 15.02 of the MMLR, which states that at least two (2) or one-third (1/3) of the Board, whichever is higher, are Independent Directors.</p> <p>In view of the need to ensure independent and objective judgements in the Board deliberations, all Independent Directors have fulfilled the criteria of independence as defined in the MMLR. Their presence provides a check and balance in the discharge of the Board function and the Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently from the Management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independency.</p> <p>Annual assessment on the independence of the Independent Directors is conducted annually based on the criteria of independence in the MMLR and other criteria, in particular their abilities to exercise their objective and independent judgement to act in the best interests of the Company.</p> <p>The Board took note of Practice 4.1 of the MCCG and they will through the NC continuously evaluate suitable candidates for Independent Directors to form at least half of the Board. However, the process should be exercised with due care and careful assessment has to be made based on merits, skills, knowledge, appropriate experience and time commitment to ensure that the candidates would be able to contribute to the effectiveness of the Board.</p>

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

Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	Not Applicable
Explanation for departure	:	<p>The Board noted that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years under the MCCG and in the context of the Company, the Independent Directors have exceeded the term of twelve (12) years. However, the NC and the Board are of the opinion that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by the tenure of their services. The tenure of their services should not affect their independence as they are independent-minded with strong personality and they will continue to provide the necessary checks and balances in the best interest of the Company based on their long experience and expertise.</p> <p>The Board acknowledges that the Independent Directors have been continuously contributing objective and independent judgements during Board deliberations, providing good and constructive feedbacks and with their good participation and sound knowledge in the conduct of Board and Committee Meetings are the added merits. The Board has been very pleased with the contributions and performance of the Independent Directors because they possess the skill sets, calibre, special knowledge and expertise in their respective areas of speciality and in the industry. Their expertise and experience are needed for the time being to see the Company through various challenges ahead.</p> <p>Hence, the Board wishes to seek the indulgence from the authorities and to obtain their leniency for the Company to fully comply with the 2 tier-voting process within the next 2 years as this would be the proposed action plan for the Company to be given a duration of 2 years to source for suitably qualified,</p>

credible and calibre candidates to assume the positions of the existing Independent Directors. The 2 years milestone would provide more time to enable the Company to source for the right candidates.

In the spirit and effort to ensure compliance with Practice 4.2 of the MCCG, the NC had during the financial year identified a suitable candidate for appointment as an Independent Director on the Board whereby Tan Sri Saw Choo Boon was appointed as an Independent Non-Executive Director on 6 April, 2018. The NC together with the Board are still in the midst of pursuing and identifying suitable candidates for Independent Directorships on the Board but such candidates do not come by easily.

The Independent Directors have each provided an undertaking to Bursa Securities since their appointment confirming and declaring that they are “Independent Directors” as defined under Paragraph 1.01 of the MMLR.

Annual assessment on the independence of the Independent Directors is conducted annually based on the criteria of independence in the MMLR and both of them are independent from the Company’s management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and hence they are qualified to remain as Independent Non-Executive Directors of the Company.

For the financial year ended 31 December 2018, each of the Independent Non-Executive Directors have provided their annual confirmations based on the criteria of independence in the MMLR to the Company. The NC and the Board have duly assessed and resolved that Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, who have served on the Board for more than twelve (12) years, to remain as Independent Directors based on the following justifications as well as contributions from Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, as members of the Board and also members of the respective Board Committees:-

- (a) they have fulfilled the criteria of independence as per the definition set out under Chapter 1 of the MMLR;
- (b) they have the required skill sets, experience and expertise;
- (c) they understand the Company’s industry well and are able to contribute to the effective over-sight of the Company’s business activities while monitoring their independence;
- (d) they have performed their duties diligently and provided independent judgements and balanced assessments hence ensured effective check and balance in the proceedings of the Board and the respective Board Committees; and
- (e) they have devoted sufficient time and attention to the duties and responsibilities as Independent Non-Executive

	<p>Directors of the Company.</p> <p>Hence, the Board will table the Ordinary Resolutions to the shareholders at the forthcoming Eighteenth Annual General Meeting to retain the aforesaid Independent Directors without going through the 2 tier-voting process.</p>	
<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	:	<p>2 years</p> <p>The NC and Board are continuously sourcing for suitable, credible and calibre candidates for appointment as Independent Directors.</p>

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	:	Not Applicable

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the NC recommends the candidates for appointment on the Board and Senior Management based on candidates' merits, skills, knowledge, expertise and experiences, professionalism, integrity and time commitment to ensure that the candidates would be able to contribute to the effectiveness of the Board and in the case of candidates for the position of Independent Non-Executive Director, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors. Despite not having a formal policy on gender diversity, ethnicity and age, the Board believes in recognising and retaining high performance and talented staff force and the recruitment of the best talents in the work place regardless of gender, ethnicity and age with the objective of maximising the performance, efficiencies and effectiveness of the work place.</p> <p>NC evaluates suitable candidates for the appointment of board and senior management. However, the process should be exercised with due care and careful assessment has to be made based on merits, skills, knowledge and appropriate experience.</p> <p>The above process is also applicable in the selection and evaluation of suitable candidate for gender, ethnicity and age diversity on the Board and senior management.</p> <p>The appointment of Tan Sri Saw Choo Boon as an Independent Non-Executive Director of the Company ("the Appointment") on 6 April 2018 was based on the above approach. NC reviewed and deliberated on the profile, expertise, knowledge and experience of Tan Sri Saw Choo Boon and concurred to recommend the Appointment for the Board's approval on 2 April 2018. Thereafter, the Board approved the Appointment on 6 April 2018</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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>As explained in Practice 4.4 above, for the selection of Board members, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation.</p> <p>For any vacant Board position in the future, the Board when sourcing for suitable candidates, consideration would be given to identify suitably qualified women candidates in line with Practice 4.5 of the MCCG.</p> <p>With the establishment of the Diversity Policy by the Board which came into effect on 27 November 2018, the NC was tasked to review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole on an annual basis or as and when the need arises including its effectiveness in promoting a diverse Board composition which includes an appropriate number of women Director(s).</p> <p>The Diversity Policy is available on the Company's website at www.wahseong.com.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

Practice 4.6

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

Application	:	Departure
Explanation on application of the practice	:	Not Applicable
Explanation for departure	:	<p>NC undertakes an annual review to assess and considered the needs, amongst others, the size and competency of the Board, mix of skills and expertise, diversity and the balance between executive, non-executive and independent directors.</p> <p>The Board together with the senior management continuously search for appropriate candidates to fulfil such position from various sources, including independent sources if relevant. The NC would assess their suitability based on a prescribed set of criteria as set out in the TOR of the NC and any other additional criteria as may be identified by the NC from time to time.</p> <p>Potential candidates are required to declare and confirm in writing, amongst others, his/her current directorships, that he/she is not an undischarged bankrupt, or is involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or is subject to any investigation by any regulatory authorities under any legislation. Further, potential candidates being considered for the position of Independent Directors are required to declare and confirm their independence based on the criteria set out in the MMLR.</p> <p>The Board and senior management of the Company would have a better understanding of the board candidatures, taking into account factors, amongst others, qualification, skills, experience and personal attributes of the new directors for the industry in which it operates in and is subjected to fit and proper licensing requirements by the relevant regulators.</p> <p>The NC had during the financial year recommended a suitable candidate, Tan Sri Saw Choo Boon for appointment to the Board which fits the criteria requirements that the Board is looking for. The Board did not utilise independent sources to identify suitably qualified candidates as the management understands the specialised industry it operates in. Through its own network and bearing in mind the highly regulated industry in which the Company operates in, the Management would be in the best</p>

	<p>position to identify for potential candidates with background which fits the criteria requirements.</p> <p>The NC of the Company is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous. NC is guided by its TOR in carrying out its responsibilities in respect of the nomination, selection and appointment process in the Company.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

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	:	In compliance with the MCCG, Dato' Seri Robert Tan Chung Meng, the Non-Independent Non-Executive Chairman, had on 23 March 2018 volunteered to relinquish his role as the Chairman of the NC and Professor Tan Sri Lin See Yan, the Senior Independent Non-Executive Director, had on the same day appointed as the new Chairman of the NC.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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 has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors.</p> <p>The annual assessment criteria is based on the customised sets of questionnaires which are prepared in line with the best practices of the MCCG taking into account the mix of skills, expertise, experience, composition, performance and contributions and size of the Board as a whole and of each individual Director. The customised sets of questionnaires are improvised yearly to keep abreast with the latest requirements and best practices.</p> <p>The results of the assessments are compiled by the Group Company Secretary who is also the Secretary of the NC. The results of the assessments will be tabled in the form of a summary by the NC Chairman to the Board for the Board's review and deliberation. The Board members will take note on areas which require more attention and improvement. The results of the assessments also form the basis of the NC's recommendation to the Board for the re-election of Directors at the AGM.</p> <p>The NC has also conducted the annual review of the terms of office and performance of the Audit Committee and each of the members to ensure that they have carried out their duties and function in accordance with the TOR.</p> <p>The assessments and evaluations carried out by the NC in the discharge of its function are properly documented.</p> <p>The Board has reviewed the current evaluation processes and is of the opinion that they are adequate in providing an objective annual assessment of the effectiveness of the Board, Board Committees and each individual Directors.</p>

	The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Policy to determine the remuneration of its Director and Senior Management. The details are as set out in the said policy and are available on the Company's website at www.wahseong.com.</p> <p>Determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman is a matter of the Board as a whole. The individuals concerned will abstain from discussion of their own remuneration.</p> <p>The TOR of RC which set out the policies and procedures to determine the remuneration of the Board and senior management is also available on the Company's website at www.wahseong.com.</p> <p>Both the Remuneration Policy and TOR of the RC are revised and updated periodically to ensure that they are relevant and up-to-date.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The TOR of RC was last reviewed on 28 December 2018. The revised TOR of RC which set out the policies and procedures to determine the remuneration of the Board and senior management is available on the Company's website at www.wahseong.com .	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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 detailed disclosure on named basis for the remuneration of individual directors has been made in the Corporate Governance Overview Statement in the Annual Report 2018.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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	:	Not Applicable	
Explanation for departure	:	The total remuneration inclusive of salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 for the Top Five Key Senior Management has been disclosed in the Corporate Governance Overview Statement in the Annual Report 2018.	
		However, for purposes of security and to avoid poaching by other organisation, the names of the Top Five Key Senior Management are withheld and the detailed remuneration of each of the individuals are not presented because the Board of Directors is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of AC is Encik Halim Bin Din, who is an Independent Non-Executive Director and the Chairman of the Board is Dato' Seri Robert Tan Chung Meng, who is a Non-Independent Non-Executive Chairman.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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 policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as an AC member is incorporated in the Terms of Reference of AC.</p> <p>Presently, no member of the AC was former key audit partner of the Group's external auditors.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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 AC has reviewed the annual assessment and the performance of PricewaterhouseCoopers PLT based on the following areas:-</p> <ul style="list-style-type: none"> • Caliber of external auditors; • Quality processes/performance; • Audit team; • Independent and objectivity; • Audit scope and planning; • Audit fee; and • Audit communications. <p>As part of the review process, the AC has sought and reviewed the Management's comments and feedbacks on the performance of the External Auditors. This review process ensures that critical issues, if any, are objectively brought up to the attention of the AC.</p> <p>Being satisfied with their performance, technical competency and audit independence, the AC recommended the re-appointment of PricewaterhouseCoopers PLT as the External Auditors of the Group for the financial year ended 31 December 2018 to the Board for approval accordingly.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

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 NC review of the term of office and performance of the AC and each of its members annually and concurrently with the annual Board assessments pursuant to Paragraph 15.20 of the MMLR.</p> <p>The Board is satisfied with the AC's performance as the Chairman and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. All AC members are financially literate, have sufficient understanding of the Group's business and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>The composition of the AC comprises of three (3) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director.</p> <p>Encik Halim Bin Din, the Chairman of AC, is an Independent Non-Executive Director. He is a Chartered Accountant who spent more than thirty (30) years working for multinational corporations and international consulting firms. Therefore, the AC of the Company meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which stipulates that at least 1 member of the AC is a qualified accountant. The AC ensures that the financial reports of the Company comply with applicable financial reporting standards and all AC members have kept themselves abreast with the relevant industry developments including accounting and auditing standards, business practices and rules, and new statutory and regulatory requirements.</p> <p>All the Board members enhance their skills through appropriate continuing education programmes. The details of training programmes attended by them are clearly mentioned under Corporate Governance Overview Statement in the Annual Report 2018.</p>

Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The RMC principally develops, executes and maintains the risk management system to ensure that the Group's corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. Its reviews cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls and management information systems, and output from monitoring processes as well as continual review process of identified risks and effectiveness of mitigation strategies and controls. Further details on the management and reporting of risks as well as controls in place to mitigate and manage those risks are provided under the Statement on Risk Management and Internal Control in the Annual Report 2018.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks.</p> <p>The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework which includes a reporting structure. This is supported through a RMC that meets regularly, receiving risk management updates and taking necessary actions to ensure that risks are managed within the acceptance levels of the company within which they reside.</p> <p>The Group's system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objective. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>Further details on the management and reporting of risks as well as controls in place to mitigate and manage those risks are provided under the Statement on Risk Management and Internal Control in this Annual Report 2018.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The RMC is a sub-committee of the AC. The RMC comprises of the Executive Directors; Heads of Finance, Group Internal Audit and Heads of Business Units/Divisions. The Committee meets at least four (4) times a year to discuss, assess, manage and mitigate risks associated with the respective Business Units and Divisions and the Group as a whole.</p> <p>The Summarised Risk Registers compiled and confirmed by the respective Heads of the Business Unit/Division and based on which WSC Group's key risks are identified for monitoring. Potential new investments are tabled to the RMC for comprehensive risks assessment and deliberation on the risks associated with the proposed investment before the said proposed investment is tabled to the Finance and Investment Committee for review, evaluation and financing needs assessment before tabling to the AC for their review and then to the Board for approval.</p> <p>The RMC has been expanded recently to cover the areas on Sustainability of the WSC Group instead of having to establish a separate Sustainability Committee.</p>

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The AC is assisted by the Group Internal Audit in providing an independent and objective assessment on the adequacy and effectiveness of risk management, financial and operational control, and governance processes of the Group. The Group Internal Audit is independent from the activities or operations of all operating units of the WSC Group. Its principal responsibility is to conduct periodic and systematic reviews on the WSC Group's key operations so as to provide reasonable assurance that the risk management and internal control system continue to operate satisfactorily and effectively within the Group. The Head/Senior Manager Group Internal Audit reports to the AC Chairman.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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 Board has established an Internal Audit Function for the WSC Group to review the adequacy of financial and operational controls so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group and to add value and improve the Group's operations by providing independent and objective assurance.</p> <p>In the absence of the Head, the Senior Manager, Group Internal Audit, Mr Ravindran A/L Veeran led the Internal Audit Function. He reports to the Audit Committee and works closely with the Senior Management team to deal with audit matters relating to implementation of internal controls, governance and risk management processes within the Group. He attained his Bachelor Degree in Accounting (Honours) from University Utara Malaysia and he is a member of the Malaysian Institute of Internal Auditors (IIAM). Prior to joining Wah Seong Corporation Berhad, Mr Ravindran had previously worked in other listed companies including, Delloyd Ventures Berhad and Magna Prima Berhad as Head of Internal Audit Department. He has more than 24 years of internal audit experience with a few public listed companies in various industries - Manufacturing, Plantation, Building Construction, Property Development, Trading, Banking and Oil & Gas.</p> <p>The Head/Senior Manager, Group Internal Audit reports directly to the Audit Committee. The Internal Audit Function of the Group is independent of the activities they audit and the audit reviews are performed with impartiality, proficiency and due professional care.</p> <p>The Board and/or the AC determines the general direction or remits of the Internal Audit Function, which encompasses its main role, that is to evaluate risk and monitor the effectiveness of the Group's system of internal controls, consistent with the standards developed by the internal audit profession.</p> <p>The Internal Audit Function is competently and adequately resourced and independently positioned to assist the Board and</p>

	<p>the Audit Committee in obtaining the assurance they require regarding the effectiveness of the Group's system of internal controls.</p> <p>Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on this Annual Report 2018.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

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>Besides the various announcements and disclosures including information on the quarterly and annual results released to Bursa Malaysia Securities Berhad, the Board maintains an effective communications policy that enables the Board (in particular the Executive Board Members) to communicate effectively with its shareholders, stakeholders and the public in general.</p> <p>As part of the Group's commitment towards having an effective investor relations and shareholders' communication policy, the following have been established:</p> <ul style="list-style-type: none">(a) an interactive and dedicated website for the Group which can be accessed by the public at large at www.wahseong.com.(b) the Company's Investor Relations and Communications Department attends to the Group's communication needs and whenever required, the services of an external public relations firm will be engaged to promote the Group's image and to create greater public awareness of the Group's products and services aside from fostering and maintaining closer relations with the press and other members of the media.(c) Internally, the Group Corporate Secretarial Department headed by the Group Company Secretary maintains most of the official correspondences with the various authorities.(d) the Annual General Meeting provides an additional forum for shareholders' interaction and feedback with the Company.(e) Media and Analyst Briefings are held by the Company to explain any major corporate exercises

	<p>and/or to discuss the financial performance of the Group from time to time.</p> <p>(f) The Board has identified Professor Tan Sri Lin See Yan as the Senior Independent Non-Executive Director of the Board, to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	Not Applicable

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	:	Not Applicable	
Explanation for departure	:	The Company has yet to adopt integrated reporting based on a globally recognised framework. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document. Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.	
		Since the Company is not categorised under Large Companies, the Board may consider adopting integrated reporting in future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the Nineteenth AGM is dated 16 April 2019, which is 29 days prior to the Company's AGM to be held on 15 May 2019.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:	Not Applicable	
Explanation for departure	:	Except for Encik Halim Bin Haji Din (Chairman of the Audit Committee) who was absent due to other urgent work commitment, all members of the Board attended the Eighteenth Annual General Meeting. Board members, board committees and senior management were in attendance to respond to shareholders' enquiries.	
		Shareholders are invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general and meaningful responses were given to the questions raised.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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	:	Not Applicable	
Explanation for departure	:	The forthcoming Nineteenth AGM will be held at Perdana IV, Level 3, Cititel Hotel, 66 Jalan Penang, 10000 Penang, Malaysia.	
		The Company does not conduct meetings in remote location. However, it is currently not cost effective nor practical for the Company to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meetings. Alternatively, shareholders are allowed to appoint any person(s) as their proxies to attend, participate and vote in his stead at a general meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	Not Applicable

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

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

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