

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5162  
**COMPANY NAME** : VSTECS BERHAD  
(FORMERLY KNOWN AS ECS ICT BERHAD)  
**FINANCIAL YEAR** : 31 DECEMBER 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board is responsible for the overall corporate governance, strategic direction, corporate goals and therefore monitors the achievement of these goals. It provides effective leadership and manages overall control of The Group's affairs through the discharge of the following principal duties and responsibilities:- (a) Reviewing and adopting a strategic plan for the Company; (b) Overseeing the conduct of the Company's business; (c) Identification of principal risks and implementation of appropriate internal control and mitigation measures; (d) Succession Planning; (e) Overseeing the development and implementation of a shareholder communications policy for the company; and (f) Reviewing the adequacy and the integrity of The Group's internal control systems and management information systems.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 5.2 of the Board Charter, which is available for reviewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p> <p>The Chairman is primarily responsible for:-</p> <ul style="list-style-type: none"> <li>• Leading the Board of Directors in setting the direction and policies of The Group;</li> <li>• Advising on the strategic plans for medium to long term growth of The Group;</li> <li>• representing the Board to shareholders and to chair and to ensure the efficient organisation and conduct of the Board and/or meeting of the shareholders;</li> <li>• ensuring the integrity of the governance process and issues;</li> <li>• maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;</li> <li>• ensuring that Executive Directors look beyond their executive function and accept their share of responsibilities in governance;</li> <li>• guiding and mediating Board actions with respect to organisational priorities and governance concerns; and</li> <li>• performing other responsibilities assigned by the Board from time to time.</li> </ul>
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable

<b>Timeframe</b>	:	Not applicable	
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## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For Financial Year 2018 ("FY 2018"), Mr. Foo Sen Chin ("Mr. Foo"), the Non-Independent Non-Executive Chairman, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process.</p> <p>Whereas Mr. Soong Jan Hsung ("Mr. Soong"), the Chief Executive Officer ("CEO") in essence is to ensure the effective implementation of The Group's Business Plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.</p> <p>The Board Charter under Paragraphs 5.2 and 5.3 have outlined the Role of the Chairman and the Role of the CEO to ensure accountability and division of responsibilities, and the Board Charter is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) suitably qualified and competent Company Secretary as follows:-</p> <ul style="list-style-type: none"><li>• Ms. Chua Siew Chuan, FCIS; and</li><li>• Mr. Cheng Chia Ping, ACIS.</li></ul> <p>Both the Company Secretaries have professional qualifications and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. One of them is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) whilst the other is an Associate member of the MAICSA.</p> <p>The brief profile of Ms. Chua and Mr. Cheng are as follows:-</p> <p><b><u>Ms. Chua Siew Chuan (“Ms. Chua”), FCIS</u></b></p> <p>Ms. Chua has been elected as a Fellow Member of MAICSA since 1997. She has more than 35 years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services.</p> <p>She is the Immediate Past President of MAICSA. Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p><b><u>Mr. Cheng Chia Ping, ACIS</u></b></p> <p>Mr. Cheng has been elected as an Associate Member of the MAICSA since 2012. He has more than 10 years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations. Mr. Cheng is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of</p>

	Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.	
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As a standing practice, the Board papers and agenda items are to be circulated in electronic form via e-mail at least seven (7) days prior to the Meetings to allow ample time for Directors to consider the relevant information.</p> <p>Comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information are prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.</p> <p>Minutes of the Board Meetings have been accurately recorded by the Company Secretaries to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The Minutes were then tabled at the following Board Meeting for perusal and confirmation. Upon Directors' confirmation, the Chairman of the Board Meeting signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Companies Act 2016.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the authority, responsibilities, membership and operation of the Board of The Group's, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, inter alia, the following main items:-</p> <ul style="list-style-type: none"> <li>• Objectives of the Board;</li> <li>• Role of Board;</li> <li>• Board Structure; and</li> <li>• Board Processes.</li> </ul> <p>The Board Charter is to be regularly reviewed by the Board as and when required.</p> <p>A copy of the Board Charter is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised the following Codes to ensure the implementation of appropriate internal systems for the Management to support, promote and ensure its compliance:-</p> <p><b>(a) Directors' Code of Ethics</b></p> <p>This Code is formulated for the Board and every Director to be committed on areas of ethical risk; to provide guidance to Directors to help them recognise and deal with ethical issues; to provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability.</p> <p>This Code is designed to enhance the standard of corporate governance and corporate behaviour with the intention of, amongst others to uphold the spirit of professionalism, objectivity, transparency and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing a company.</p> <p>A copy of this Code is available for reviewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p> <p><b>(b) VSTECS's Code of Conduct</b></p> <p>This Code is established to promote a corporate culture which engenders ethical conduct that permeates throughout The Group.</p>

	<p>All Directors, management and employees of The Group are to adhere to this Code and comply with the letter and spirit of the following items:-</p> <ul style="list-style-type: none"> <li>(i) Human Rights;</li> <li>(ii) Health and Safety;</li> <li>(iii) Environment;</li> <li>(iv) Gifts and Business Courtesies;</li> <li>(v) Anti-Corruption;</li> <li>(vi) Anti-Money Laundering;</li> <li>(vii) Company Records and Internal Controls;</li> <li>(viii) Company Assets;</li> <li>(ix) Exclusive Service;</li> <li>(x) Integrity and Professionalism;</li> <li>(xi) Personal Appearance;</li> <li>(xii) Confidential Information; and</li> <li>(xiii) Compliance Obligations.</li> </ul> <p>A copy of this Code is available for viewing under the “Corporate Governance” section of The Group’s corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>: Not applicable</p>	
<p><b>Timeframe</b></p>	<p>: Not applicable</p>	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Whistle-Blowing Policy with the following objectives:-</p> <ul style="list-style-type: none"> <li>• Provide an avenue for all employees and members of the public to disclose any improper conduct or action that is or could be harmful to the reputation of The Group and/or compromise the interest of stakeholders;</li> <li>• Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under this policy;</li> <li>• Address a disclosure in an appropriate and timely manner;</li> <li>• Provide protection for the whistle-blower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and</li> <li>• Treat both the whistle-blower and the alleged wrongdoer fairly.</li> </ul> <p>This Policy shall also similarly apply to any vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of The Group.</p> <p>A copy of this Policy is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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 a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	For FY 2018, the Board of the Company consists of eight (8) members comprising one (1) Executive Director and seven (7) Non-Executive Directors, of whom four (4) are Independent and therefore the prescribed requirement for one third of the membership of the Board to be independent Board members is fulfilled. This also applies to Practice 4.1 of the MCCG where at least half of the Board comprises independent directors. This independent element brings an objective and independent judgement to the decision-making process of the Board.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Ms. Ho Chee Kit ("Ms. Ho") and Encik Ahmad Subri bin Abdullah (En. Subri") have reach the nine (9) years limit as an Independent Director of the Company from 15 April 2019 onwards.</p> <p>The Board has resolved that Ms. Ho and En. Subri should be retained as Independent Non-Executive Directors of the Company for another term based on the following justifications:</p> <p>The Board of Directors has via the Nominating Committee ("NC") conducted an annual performance appraisal and assessment of Ms. Ho and En. Subri who have served as Independent Non-Executive Director since the listing date of the Company on 15 April 2008. The Board considers them to be independent and the recommendation was made based on the following justifications:-</p> <ul style="list-style-type: none"><li>(i) Ms. Ho and En. Subri have met the independent guidelines set out in Chapter 1 of Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").</li><li>(ii) Ms. Ho and En. Subri have been with the Company for more than nine (9) years and therefore they fully understand the business operations of the Company.</li><li>(iii) Drawing on their respective diverse expertise/experience, Ms. Ho and En. Subri actively participate and contribute to the discussion and deliberation of the Board and Board Committees. Ms. Ho is</li></ul>

	<p>the Chairperson of the NC and En. Subri is the Chairman of Remuneration Committee. They have diligently attended all of the meetings held for the Board and Board Committees for the financial year ended 31 December 2018.</p> <p>(iv) Ms. Ho and En. Subri have exercised due care and diligence during their tenure as Independent Non-Executive Directors.</p> <p>The Board, being satisfied with the justifications and criteria met by Ms. Ho and En. Subri, shall be seeking the shareholders' approval at this forthcoming Twenty-Third Annual General Meeting ("23<sup>rd</sup> AGM") of the Company to retain Ms. Ho and En. Subri as Independent Non-Executive Directors of 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>		
<p><b>Measure</b></p>	<p>:</p>	<p>Not applicable</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Not applicable</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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the NC, undergone the three-staged process as follows, for appointment of the Director:-</p> <ul style="list-style-type: none"> <li>• <b>Stage 1: Review of the potential candidates based on the following criteria:-</b> <ul style="list-style-type: none"> <li>- Qualifications;</li> <li>- Skills and competence;</li> <li>- Functional knowledge;</li> <li>- Experience;</li> <li>- Character;</li> <li>- Gender diversity;</li> <li>- Integrity and professionalism; and</li> <li>- Time commitment.</li> </ul> </li> <li>• <b>Stage 2: Board Gaps Review</b> <ul style="list-style-type: none"> <li>- The overall composition of the Board;</li> <li>- Combination of skills of existing Directors; and</li> <li>- Any regulatory requirements and/or best practices available.</li> </ul> </li> <li>• <b>Stage 3: Recommendation to the Board</b> <ul style="list-style-type: none"> <li>- The Board approves the appointment of Director</li> </ul> </li> </ul>
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Board Diversity Policy to affirm its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times. An updated copy of this Policy is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p> <p>For the FY 2018 till to the date of this Statement, the Board currently consists of two (2) female directors who are as follows:-</p> <p>(a) Ms. Ho Chee Kit; and</p> <p>(b) Ms. Chow Ying Chi.</p> <p>In this regard, the percentage of Board's gender diversity for FY 2018 remained as 25%.</p> <p>Upon review of the Board size and composition, the Board opined that the current Board size is at optimum level viz-a-viz the operations of The Group. Therefore, no target has been fixed for appointment of additional Board member(s) or female Board member(s) for FY 2018.</p>
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board uses a variety of sources for the identification of suitable candidates. The Board may rely on recommendations from the existing board members, Management and major shareholders as well as other independent sources.</p> <p>The NC is responsible for recommending suitable candidates to the Board for its consideration. The NC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>As disclosed in the Practice 4.4 of this CG Report, the Board has through the NC, undergone a three-staged review process for the appointment of the Director.</p>
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is chaired by Ms. Ho Chee Kit, a Senior Independent Non-Executive Director identified by the Board and assumed the role of “Senior Independent Non-Executive Director” since 21 May 2015.  Her responsibilities and duties as a Senior Independent Non-Executive Director is outlined in the Board Charter.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Each Director and Board Committee member completes the evaluation and submit the same online via a proprietary online assessment system developed internally by the Company.</p> <p>The NC reviews all the results of assessments upon completion by each Director and Board Committee member, and reports to the Board for notation.</p> <p>The NC conducted the following assessments annually and subsequently reported all results to the Board for notation:-</p> <p><b>(a) Directors' self-assessment and peer assessment survey</b></p> <p>In conducting the Survey, the following main criteria were adopted by the NC:-</p> <ul style="list-style-type: none"><li>(i) Contribution to interaction;</li><li>(ii) Quality of Input; and</li><li>(iii) Understanding of Role.</li></ul> <p>Based on the Survey conducted for the FY 2018, the NC was satisfied with the performance of the individual Directors.</p> <p><b>(b) Evaluation on the effectiveness of the Board of Directors and the Board Committees</b></p> <p>In conducting the Evaluation, the following main criteria were adopted by the NC:-</p> <ul style="list-style-type: none"><li>• Board Structure;</li><li>• Board Operations;</li><li>• Board Roles and Responsibilities;</li><li>• Board Chairman's Roles and Responsibilities; and</li></ul>

- CEO's Roles and Responsibilities.

Based on the Evaluation conducted for the FY 2018, the overall performances in five (5) areas have improved as compared to that of the financial year ended 31 December 2017 ("FY 2017"). The NC was therefore satisfied with the performance of the Board and Committees of the Board.

**(c) Evaluation on the contribution of the CEO**

The NC conducted an evaluation on the contribution of the CEO for the FY 2018 and was satisfied with the performance of the CEO.

**(d) Evaluation on the contribution of the Non-Executive Chairman**

The NC also conducted an evaluation on the contribution of the Non-Executive Chairman for the FY 2018 and was satisfied with the performance of the Non-Executive Chairman.

**(e) Annual Assessment of Independence of Directors**

As stipulated under the Directors' Assessment Policy, the Board adopts the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of the Main LR of Bursa Securities through the assistance of the NC.

The Board noted that Letters of Declaration by Independent Director have been executed by the following Independent Non-Executive Directors ("INEDs") of the Company, confirming their independence pursuant to relevant Main LR of Bursa Securities and that they have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Mr. Wong Heng Chong;
- Encik Ahmad Subri Bin Abdullah;
- Ms. Ho Chee Kit; and
- Mr. Tay Eng Hoe.

Based on the outcome of the abovementioned assessments, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

	<p>The Board considers that its Independent Directors provide objective and independent views on various issues dealt with at the Board and Board Committee level. All Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.</p>	
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The policies and procedures for determining the remuneration packages of the Directors and CEO of The Group are formalised in the form of a Directors' Remuneration Policy, adopted by the Board since 20 February 2013 and subsequently revised and updated on 25 April 2016 and 19 March 2018.</p> <p>The Remuneration Committee ("RC") is guided by the Directors' Remuneration Policy which sets out the criteria to be used in recommending the remuneration package of Directors and CEO of the Company and designed to ensure that the Directors and CEO are paid a remuneration commensurate with the responsibilities of their positions.</p> <p>A copy of this Policy is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vsteecs.com.my">www.vsteecs.com.my</a>.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The RC comprises exclusively of non-executive directors, of whom two are (2) Independent Non-Executive Directors.</p> <p>The RC of the Company was formed to recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Company and its subsidiaries to attract, retain and motivate Directors.</p> <p>The remit of the RC is governed by the Terms of Reference ("TOR") of the RC. A copy of the TOR of the RC is available for viewing under the "Corporate Governance" section of The Group's corporate website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	: Applied																																																																																																													
<b>Explanation on application of the practice</b>	: The detailed disclosure on named basis for the remuneration of individual directors for the financial year ended 31 December 2018 are as follows:- 1. Foo Sen Chin (" <b>Foo SC</b> ") 2. Mr. Soong Jan Hsung (" <b>Soong JH</b> ") 3. Ms. Ho Chee Kit (" <b>Ho CK</b> ") 4. Mr. Ong Wei Hiam (" <b>Ong WH</b> ") 5. Ms. Chow Ying Chi (" <b>Chow YC</b> ") 6. Mr. Wong Heng Chong (" <b>Wong HC</b> ") 7. En. Ahmad Subri Bin Abdullah (" <b>Subri</b> ") 8. Mr. Tay Eng Hoe (" <b>Tay EH</b> ")																																																																																																													
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Name of Directors	GROUP					
	Salaries	Fees	Meeting Allowance	Other Emoluments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Director</b>						
Soong JH	1,670	46	-	-	15	1,731
<b>Subtotal</b>	<b>1,670</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>1,731</b>
<b>Non-Executive Directors</b>						
Foo SC	-	73	4	360	35	472
Ho CK	-	63	6	-	-	69
Tay EH	-	47	3	-	-	50
Wong HC	-	60	5	-	-	65
Subri	-	62	6	-	-	68
Ong WH	-	60	6	-	-	66
Chow YC	-	42	3	-	-	45
<b>Subtotal</b>	<b>-</b>	<b>407</b>	<b>33</b>	<b>360</b>	<b>35</b>	<b>835</b>
<b>Total</b>	<b>1,670</b>	<b>453</b>	<b>33</b>	<b>360</b>	<b>50</b>	<b>2,566</b>
<i>Note: Salary includes bonus and EPF.</i>						
<b>Explanation for departure</b>	Not applicable					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
<b>Measure</b>	Not applicable					
<b>Timeframe</b>	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.

<b>Application</b>	:	Departure										
<b>Explanation on application of the practice</b>	:											
<b>Explanation for departure</b>	:	<p>The Company had disclosed the top five senior management's remuneration components in bands width of RM50,000/- but not on named basis due to confidentiality and sensitivity of each remuneration package:-</p> <table border="1"> <thead> <tr> <th>Remuneration Range (RM)</th> <th>Top Five Senior Management</th> </tr> </thead> <tbody> <tr> <td>950,001 – 1,000,000</td> <td>1</td> </tr> <tr> <td>650,001 – 700,000</td> <td>1</td> </tr> <tr> <td>400,001 – 450,000</td> <td>2</td> </tr> <tr> <td>350,001 – 400,000</td> <td>1</td> </tr> </tbody> </table> <p>Alternative Practice:-</p> <p>The Board ensures that the remuneration of senior management is fair and commensurate with the performance of the Company and the contributions made by the senior management, but at the same time it is able to attract, retain and motivate the senior management to excel in their respective roles.</p> <p>The Board, via the RC, review on an annual basis, the following items:-</p> <ul style="list-style-type: none"> <li>• Bonus payments to the senior management team – based on the recommendation of the CEO and the achievement of relevant key performance indicators; and</li> <li>• Salary increments to the senior management team – with the latest salary survey conducted by the Malaysian Employers' Federation as a reference point.</li> </ul>	Remuneration Range (RM)	Top Five Senior Management	950,001 – 1,000,000	1	650,001 – 700,000	1	400,001 – 450,000	2	350,001 – 400,000	1
Remuneration Range (RM)	Top Five Senior Management											
950,001 – 1,000,000	1											
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400,001 – 450,000	2											
350,001 – 400,000	1											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>												

<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at the date of the Corporate Governance Overview Statement, the Chairman of the Audit Committee ("AC") is Mr. Wong Heng Chong, an Independent Director while Mr. Foo is the Non-Independent Non-Executive Chairman of the Board.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The TOR of the AC has been updated accordingly to formalise the Company's 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 AC.  None of the members of the Board were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of Board.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has formalised the policies and procedures to assess the suitability, objectivity and independence of external auditors vide an annual assessment of the suitability, objectivity and independence of the external auditors.</p> <p>The AC noted, for the FY 2018, KPMG PLT, the External Auditors of The Group confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.</p> <p>Upon completion of its assessment, the AC was satisfied with KPMG PLT's technical competency, objectivity and audit independence during the financial year under review and recommended to the Board the re-appointment of KPMG PLT as External Auditors for the financial year ending 31 December 2019. The Board has in turn recommended the same for shareholders' approval at the forthcoming 23<sup>rd</sup> AGM of the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the AC Members' Self and Peer Evaluation undertaken by each AC member, the AC as a whole is financially literate. The members of the AC have the relevant accounts or related experience and expertise in financial service industry to effectively discharge their duties.</p> <p>The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile of the Annual Report.</p> <p>All the members of the AC received ongoing trainings and development as detailed in the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has adopted an Enterprise Risk Management ("ERM") Framework to manage its risk and opportunities. A Management Committee known as the ERM Committee which reports directly to the AC was established by the Board, with the primary responsibility of ensuring the effective functioning of the adopted ERM Framework.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ERM Committee is responsible for implementing processes in identifying, evaluating, monitoring and reporting of risks and internal controls. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are then presented to the AC for review on a quarterly basis. The ERM Committee together with the operating units will ensure the timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable timeframe to mitigate the risks level.</p> <p>The internal controls are tested for effectiveness and efficiency two cycles per financial year by an Independent Outsourced Internal Audit service provider. Their report of the Internal Audit is tabled for the Audit Committee's review and comments, and the audit findings will then be communicated to the Board.</p> <p>Separately, the Company maintains an In-House Internal Audit Department ("IAD") as an additional internal control mechanism. The In-House Internal Auditors communicate regularly with and report directly to the Audit Committee. For the FY 2018, the In-House Internal Auditors met up four (4) times with the AC.</p> <p>The Statement on Risk Management and Internal Control of The Group in the Annual Report provides an overview of the state and features of risk management and internal controls within The Group.</p>
<b>Explanation for departure</b>	:	Not applicable

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

<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	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 10.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Outsourced Internal Auditors and In-House Internal Audit Manager communicate regularly with and report directly to the Audit Committee. For the FY 2018, the Outsourced Internal Auditors' representative met up three (3) times with the Audit Committee.</p> <p>The Internal Audit Review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvement.</p> <p>The AC had conducted an Internal Audit Assessment annually to review the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it has the necessary authority to carry out its work and to perform its function effectively in accordance with relevant professional standards.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Further details of the internal audit functions were disclosed in the AC Report of the Annual Report.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations.</p> <p>The Board has developed internal corporate disclosure practices to ensure communications to the investing public regarding the business, operations and financial performance of The Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.</p> <p>The Board has on 3 August 2016 adopted the Corporate Disclosure Policy which superseded the Investor Relations Policy, to ensure only designated spokespersons will be authorised to disseminate information to ensure consistent and accurate flow of information disclosure to the stakeholders.</p> <p>The Company has a website which is accessible at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a>.</p> <p>The Board has designated a limited number of spokespersons who responsible for communication with investment community, regulators and media.</p> <p><b>Primary Spokespersons:-</b></p> <p>(i) Non-Executive Chairman (ii) Chief Executive Officer</p> <p>The Company's Non-Executive Chairman and Chief Executive Officer have been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies,</p>

	<p>developments, future prospects, financial plans and operational matters.</p> <p><b>Secondary Spokesperson:-</b></p> <p>(i) Chief Financial Officer/ Company Secretary</p> <p>The Chief Financial Officer/ Company Secretary may only communicate to audience constituents on information already in the public domain, unless they are authorised by the Primary Spokespersons to undertake broader communications.</p> <p>The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports.</p> <p>The Company provides regular investor briefings with research analysts and fund managers, to promote clear and transparent communications to the investment community.</p> <p>The Company's website at <a href="http://www.vstecs.com.my">www.vstecs.com.my</a> serves as a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, latest press releases, annual reports, financial results, news listing, Business to Business ("B2B") online and etc.</p>
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>: Not applicable</p>
<p><b>Timeframe</b></p>	<p>: Not applicable</p>

## 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not classified as "Large Company".	
		At present, the Board is of the view that the Company's Annual Report and announcements to Bursa Securities are comprehensive enough for stakeholders to make informed decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	<p>The Annual Report, which contains the Notice of AGM, was sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:	<p>The Notice of Twenty-Second Annual General Meeting ("22<sup>nd</sup> AGM") scheduled to be held on 16 May 2018 was issued with at least twenty-one (21) days before the date of the meeting i.e. 16 May 2018, in line with the Articles of Association of the Company.</p> <p>For the 23<sup>rd</sup> AGM to be held on 15 May 2019, the Board has targeted to issue the Notice of 23<sup>rd</sup> AGM at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Applied in 2019 AGM	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Board members, save for Mr. Tay Eng Hoe who was absent due to prior overseas engagement, attended the 22<sup>nd</sup> AGM of the Company held on 16 May 2018 and provided responses to the shareholders on the key matters arose during the Meeting. The Chairman of the AC, NC and RC were also present on stage to address any questions from shareholders in respect of matters that fall under the purview of the Board Committees.</p> <p>Mr. Soong, the CEO had presented a short review of the Company's 2017 performance and key initiatives for 2018 to the shareholders on operations highlights, financial snapshot, growth strategies and investment highlights.</p> <p>During FY 2018, the Directors had called for an Extraordinary General Meeting of the Company which was held on 8 November 2018 to seek the shareholders' approval for the following resolutions:-</p> <ul style="list-style-type: none"> <li>(i) Proposed change of name of the Company from "ECS ICT Berhad" to "VSTECS Berhad";</li> <li>(ii) Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature; and</li> <li>(iii) Proposed Authority for the Company to purchase its own shares.</li> </ul>
<b>Explanation for departure</b>	:	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>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	As a listed entity on Bursa Securities in Malaysia, the Board noted that majority of the shareholders of the Company reside in Malaysia, and predominantly in Klang Valley area. Therefore, the general meetings of the Company have always been held in the Klang Valley area. In the event of changes in the shareholders' base where majority of the shareholders move out of the Klang Valley area, the Board would consider the leverage on technology to facilitate voting in absentia or remote shareholders' participation at general meetings, subject to cost effectiveness and the availability of remote voting facility.	
		Alternative practice:  Shareholders who are not able to attend the AGM can appoint proxy(ies) to attend, speak, participate or vote on their behalf.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

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

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

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