

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7374

COMPANY NAME : Tien Wah Press Holdings 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the "Board") of Tien Wah Press Holdings Berhad ("TWPH" or "the Company") is committed in observing and fostering a corporate governance culture that is founded on the hallmarks of accountability, objectivity and transparency. The Board is dedicated to discharge its duties with objectivity, diligence and skill in fulfilling its role as stewards of the Company.</p> <p>In order to ensure the sustainability and profitability of the business, the Board approved the Company and its subsidiaries' (the "Group") annual business plan during the Board Meetings. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations had been taken into account in the formulation of the Group's strategy in sustaining its business. The Board has also established key performance indicators ("KPIs") to define, measure and monitor the performance and progress towards achieving the Company's targets.</p> <p>The day-to-day management of the business and operations of the Group is delegated to the Chief Executive Officer ("CEO") and the Senior Management Team. The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance as presented by the CEO during the Board Meetings.</p> <p>The Board strives to ensure there are regular communications with all its stakeholders, regardless of individual or institutional investors, or the wider stakeholders at large, through the timely releases of quarterly financial results, circulars, corporate announcements and annual reports.</p> <p>The Board is assisted by the Audit and Risk Committee ("ARC") in ensuring the Group's financial reporting processes are effective and the quality of the financial reporting is of the high standard. The ARC reviewed the quarterly financial reports prior to its recommendation to the Board for approval and announcements to Bursa Malaysia Securities Berhad ("Bursa Securities").</p>

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

Intended Outcome

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 TWPH's Board is led by Mr Yen Wen Hwa (Ngan Tzee Manh), who is an Executive Chairman. He was appointed to the Board and elected as an Executive Chairman on 16 February 2015. He is the founder of New Toyo International Holdings Ltd ("NTIH") Group, a major shareholder and ultimate holding Company of TWPH.</p> <p>The Chairman of TWPH is responsible for providing leadership to the Board and ensuring the effective functioning of the Board. In fulfilling his role, the responsibilities undertaken by the Chairman include, amongst others:-</p> <ul style="list-style-type: none">• leading the Board in the oversight of management;• representing the Board to shareholders and chairing general meeting of shareholders;• setting the Board agenda and ensuring the provision of accurate, timely, complete and clear information to Directors;• leading and chairing Board meetings and discussions;• ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and their views are communicated to the Board as a whole;• encouraging active participation and allowing dissenting views to be freely expressed;• managing the interface between the Board and Management;• leading the Board in establishing and monitoring good corporate governance practices in the Company;• 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;• functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes; and• ensuring that all Directors are enabled and encouraged to participate in its activities. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information and that they are properly briefed on issues arising at Board Meetings. <p>The detailed roles and responsibilities of the Chairman are encapsulated in the Board Charter available on the Company's website at www.tienwah.com.</p>

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

Intended Outcome

Every Company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of exercising objective oversight over Management in order to guard the interest of the Company and its stakeholders. Stemming from this, the Board aims to ensure that there is an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>Appropriately, the role of Chairman and CEO are held by to different individuals. The position of Chairman is held by Mr Yen Wen Hwa whilst the position of CEO is held by Mr Lee Chee Whye (“Mr Lee”). Mr Lee is also an Executive Director of the Company. He was appointed as the CEO on 1 August 2014 and appointed as the Executive Director to the Board on 1 September 2016.</p> <p>In executing his role as the Executive Director and CEO, Mr Lee is responsible for implementing the business plan and policies established by the Board as well as managing the daily conduct of the business of the Company.</p> <p>The respective duties and responsibilities of the Chairman and the CEO are contained in the Board Charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) professionally qualified and competent Company Secretaries, namely Ms Tai Yit Chan and Ms Choong Lee Wah.</p> <p>The Board is regularly apprised and advised by both Company Secretaries on statutory and regulatory updates and requirements as well as pertinent governance matters. In discharging their role as counsels to the Board, the Company Secretaries also ensure proper supply of relevant information as well as the accuracy and adequacy of meeting materials, recording of meeting minutes and resolutions of the Board and Board Committees. The Company Secretaries also serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>Pursuant to Paragraph 15.08(2) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board of Directors must on a continuous basis, evaluate and determine the training needs of its members. The Board through NC had considered the areas/topics of training relating to the regulatory compliance as part of the Directors' continuing education programmes. In this respect, the Company Secretaries had organised the following development programmes to the Board during the financial year end:-</p> <ul style="list-style-type: none">(a) Malaysian Code on Corporate Governance; and(b) Bursa Malaysia's Corporate Governance Guide. <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and development in corporate governance through attending relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising Company secretaries. Detailed information on the functional accountabilities of the Company Secretaries is encapsulated in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every Company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board members are provided with the necessary materials in advance of each Board and Board Committee meetings. Materials provided to the Board include but not limited to:-</p> <ul style="list-style-type: none"> • Financial reports; • Report on current trade and business issues from the CEO; • Proposals on capital expenditure (if any); • Proposals on merger, acquisitions and disposals (if any); • Annual budget or Business Plan; and • Reports of Board Committees (if any). <p>To ensure the meetings are run in smooth and seamless manner, Board papers and agenda items are circulated at least five (5) business days prior to the meeting. The Board also requires a brief listing of findings and/or recommendations of management to be prepared before any new report is tabled to the Board.</p> <p>All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.</p> <p>The minutes of Board meetings is prepared within a reasonable period following a Board meeting. The draft minutes are circulated together with the Board papers at the following Board meeting. The Board requires the minutes to include information on the processes and decisions made in the meeting as opposed to a historical narrative of the discussion.</p> <p>The minutes of meetings records the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues. In addition to the provision, the Directors, either as a group or individually, may upon obtaining prior Board’s approval seek independent advice, where necessary, at the Company’s expenses on any matters in relation to the discharge of their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

The Board has a Board charter which is periodically reviewed and published on the Company's website. The Board charter clearly identifies—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of TWPH has put in place a Board Charter which serves the Board as a primary reference point on governance matters as well as a guideline for newly-appointed Directors.</p> <p>The Board Charter covers amongst others, the following matters:-</p> <ul style="list-style-type: none">(i) Role and responsibilities of the Board;(ii) Structure of the Board;(iii) Role of the Chairman;(iv) Role of the CEO;(v) Role of the Independent Director;(vi) Role of the Senior Independent Director;(vii) Tenure of Directors;(viii) Role of the Company Secretary;(ix) Role of the Board Committees;(x) Communication with stakeholders; and(xi) Board structure and procedures. <p>In developing and reviewing the Board Charter, the Board has taken into account the applicable rules, laws and regulations as well as internal policies.</p> <p>The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes the following:-</p> <ul style="list-style-type: none">(i) strategic issues and planning;(ii) material acquisition and disposal of assets;(iii) capital expenditure;(iv) authority levels;(v) treasury policies;(vi) risk management policies;(vii) appointment of auditors and review of the financial statement;(viii) financing and borrowing activities;(ix) ensuring regulatory compliance;(x) declaration of dividends;(xi) business plans and budget;(xii) appointment of Directors, CEO, Group Finance Director and other key responsible persons;(xiii) reviewing the adequacy and integrity of internal controls;

	<p>(xiv) limits of authority; and (xv) conflict of interest issue relating to a substantial shareholder or a Director including approving related party transactions.</p> <p>The Board Charter is periodically reviewed by the Board and updated based on the prevailing regulatory promulgations. The Board Charter is available on the Company's website at www.tienwah.com.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>In tandem with the Board's aspiration to ingrain and engender appropriate standards of conduct and ethical practices, the Board has established a Code of Conduct ("Code of Conduct") and Code of Ethics ("Code of Ethics") that are to be strictly complied with by the Directors and members of the Management and all employees of the Company including its subsidiaries.</p> <p>The Code of Conduct covers the following overarching areas:-</p> <ul style="list-style-type: none">• Equal treatment of all employees;• Ensure a safe and secure working environment;• Environmental protection;• Avoidance of accepting gifts and business courtesies;• Maintain complete and accurate business records;• Ensure high integrity and professionalism;• Ensure protection of confidential information; and• Complying with laws including bribes and corruption, insider trading, money laundering and abuse of power. <p>The Code of Ethics covers the following overarching areas:-</p> <ul style="list-style-type: none">• Corporate Governance;• Conflict of interest and• Social responsibilities and the environment. <p>The Code of Conduct and Code of Ethics are made available on the Company's website at www.tienwah.com and are subjected to periodic reviews to ensure it is kept up-to-date.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, has formalised a Whistle Blower Policy that is applicable to all employees as well as stakeholders of the Company. The Whistle Blower Policy outlines avenues for employees, vendor, partners, associates and any stakeholders of the Company to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices.</p> <p>The Board, through the Whistle Blower Policy, emphasises that reports from whistleblowers would be treated with utmost confidentiality and will be thoroughly investigated. All complaints received will be kept confidential and will be shared only on a “need to know” basis. The Chairman of the ARC will investigate all complaints and will endeavour to protect the identity and anonymity of the complainant. The policy also provides an avenue for whistleblowers to contact the Company Secretary or the CEO directly if they choose to waive their anonymity.</p> <p>The Whistle Blower Policy is made available on the Company’s website at www.tienwah.com and is subjected to periodic reviews by the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that having at least half of the Board to consist of Independent Directors would undeniably elevate objectivity whilst preventing dominance and complacency within the Boardroom.</p> <p>The Board currently consists of four (4) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director and two (2) Executive Directors ensuring more than 50% of the Board comprises of Independent Directors.</p> <p>The current size and composition of the Board is within the range which is appropriate. The Board believes that the current size of the Board is sufficient to enable its Committees to operate and being dynamic and responsive to the needs of the Group.</p> <p>An annual assessment of independence of the INEDs would be conducted on annual basis. Based on the evaluation results, the Board was satisfied that each INEDs has fulfilled the independence criteria set out in the MMLR of Bursa Securities and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgment to decisions taken by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years
Explanation on application of the practice	:	<p>The Board has adopted the policy that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9)-year period, an Independent Director may continue to serve on the Board subject to the Director's re-designation as Non-Independent Director.</p> <p>The Board was satisfied with the level of independence demonstrated by all the INEDs.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	

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 has adopted a Diversity Policy to set out the approach to diversity on the Board and workforce of the Group. The Board conducts regular reviews of its composition with the aim to ensure it achieve a diverse Board which is able to unearth a breadth of perspectives. In sourcing for suitable candidates, the Company takes into account the benefits of having different facets of diversity including gender, age, ethnicity, nationality, professional background, skills and experience.</p> <p>The Board is currently made up of members with a mix of skill sets, Knowledge and experience (e.g. accounting, finance, public administration, engineering, legal, marketing/sales, and business management), cultural background (Malaysian, Singaporean and Australian) and age (42-79).</p> <p>The appointment of Senior Management is also based on predetermined criteria of skill sets and leadership qualities, driven by Their respective job descriptions. TWPH has also put in human resource programmes which seeks to address the need for capable individuals at the Senior Management level, taking into account the different dimensions of diversity.</p> <p>The Diversity Policy is available on the Company' website at www.tienwah.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board of TWPH is of the view that diversity on the Board enhances the decision-making capability of the Company and it improves Board discussions process by allowing different perspectives to be included in decision making.</p> <p>The Board composition currently comprises one women director, Ms Angela Heng Chor Kiang, who is a Non-Independent Non-Executive Director. She was appointed to the Board on 25 April 2014.</p> <p>The Board is putting its efforts in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.</p> <p>The Board has formalised a policy on gender diversity. The Board has also included, in its Terms of Reference for its Nomination Committee (“NC”), the need for the NC to strongly consider the appointment of female Board members when there is a vacancy.</p> <p>The Company also ensure diversity in its management level by having strong female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	
Explanation for departure	:	<p>The current process with regards to the appointment of new directors to the Board is based on the recommendation of the NC. The Board relies on the existing network and referrals from directors and major shareholder as primary means to source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>The Directors appointment process is carried out based on a methodical process undertaken by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of the MMLR of Bursa Securities.</p> <p>Detailed information on the process undertaken by the NC including its process of identifying and appointing a candidate can be found in the Terms of Reference of the NC on the Company's website at www.tienwah.com.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC consist of three (3) INEDs, namely Dr Ong Eng Leng @ Ong Eng Lin, the Chairman of the NC, Mr John David Cambridge and Mr Tung Kum Hon.</p> <p>The Board acknowledges that an effective recruitment and evaluation process of Directors is the bedrock of a high-performing Board. The Board therefore entrusted to Dr Ong Eng Leng @ Ong Eng Lin, as an Independent Director, the responsibility to lead the conduct of the process in an objective manner.</p> <p>In discharging his duties as the Chairman of the NC, he undertakes to perform the following:-</p> <ul style="list-style-type: none">• lead the annual review of Board Effectiveness Evaluation, ensuring that the performance of the Board, Board Committees and each individual director is assessed objectively and holistically;• lead the succession planning and appointment of Board members as well as Senior Management;• lead the assessment of Directors' training needs periodically with the aim of devising relevant professional development programmes based on such assessment for recommendation to the Board;• lead the assessment on the size and composition of the Board; and• lead the assessment and consider female candidates as new directors of the Company as and when the opportunity arises.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board regularly evaluates the performance of Directors along with the governance processes that supports the Board with the aim of improving individual and collective contributions, effectiveness of the Board and its Board Committees.</p> <p>During the year under review, the performance assessment was conducted in-house under the purview of the NC and facilitated by the Company Secretaries.</p> <p>In conducting the Board evaluation, the NC considers the following key areas:-</p> <ul style="list-style-type: none">• Strategic input on each Director;• Ethical and value driven behaviour;• Competence and capability;• Time commitment; and• For Independent Directors<ul style="list-style-type: none">– Display of independence and tenure limit. <p>Overall, the Board was satisfied with the current approach as each Director is able to provide unbiased opinion and recommendation to improve the governance process of the Group. The Board will continue with the existing practice and will consider engaging an independent expert for the annual assessment on a periodic basis in future.</p> <p>Based on the results of the assessment for the financial year 2018, the Board and NC were satisfied with the outcome of the following results:-</p> <p>(a) The current composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively;</p> <p>(b) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board’s decision-making process;</p>

	<p>The producers involved in the assessment of the directors are clearly articulated in the Directors Assessment Policy:</p> <ul style="list-style-type: none"> (a) The NC seeks input from each Director separately; (b) The performance is assessed on a quantitative and qualitative basis against criteria set in this policy; (c) The result is collated by the Chairman of the Board and NC and reported to the Board; (d) The Board should undertake an annual assessment of its own performance including suggestion for change or improvement, as well as any skills, training needs or development required over the forthcoming year; and (e) The Board performance assessment should be conducted on an annual basis and the results of the performance assessment should be documented in a form of report. <p>Below is a summary of the activities undertaken by the NC for the financial year ended 31 December 2018:</p> <ul style="list-style-type: none"> (a) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors; (b) The Board and Board Committees had contributed positively to the Group and were operating in an effective manner; (c) The Board Chairman had performed in an excellent manner and contributed to the Board; (d) The performance of the ARC, NC and Remuneration Committee ("RC") were found to be effective and consistently exceeding expectations; (e) The Directors demonstrated good character, experience, integrity, competence and possess the necessary traits and time to effectively serve on the Board or the Company, as the case may be; and (f) The INEDs had demonstrated their independence through their engagement in meetings and provided objective challenges to the Management as well as independent judgment to decisions made by the Board.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised and adopted policies and procedures to determine the remuneration of Directors and Senior Management. The policies and procedures are premised on the need for the remuneration practices of the Company to be competitive, ensuring the Company is able to attract and retain high-calibre Directors.</p> <p>The remuneration package for Executive Directors is structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The remuneration policies and procedures are periodically reviewed by the Board and made available on the Company's website at www.tienwah.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC consists of three (3) Independent Non-Executive Directors namely, Mr John David Cambridge, the Chairman of the RC, Ms Angela Heng Chor Kiang and Dr Ong Eng Leng @ Ong Eng Lin.</p> <p>The RC is responsible to recommend the remuneration framework for non-executive Directors as well as the remuneration packages of the Executive Directors, the CEO and the Senior Management. The RC ensures the remuneration packages are designed to attract, retain and motivate Directors and the Senior Management. The remuneration packages are tailored based on the criteria set out in the Remuneration Policy for Directors and Senior Management. The executive directors are prohibited from participating or in deciding their own remuneration packages.</p> <p>The RC's Terms of Reference is periodically reviewed by the Board and disclosed on the Company's website at www.tienwah.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																																
Explanation on application of the practice	:	<p>The details for the remuneration of the Directors for the financial year ended 31 December 2018 are set out in the financial statements and as follows:-</p> <p>The Group and the Company</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Fee (RM)</th> <th>Salaries (RM)</th> <th>Bonus (RM)</th> <th>EPF (RM)</th> <th>Benefits-in-kind (RM)</th> <th>Other remuneration/ Allowances (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="8">Executive Directors</td> </tr> <tr> <td>Yen Wen Hwa (Ngan Tzee Manh)</td> <td>N/A</td> <td>250,200</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>250,200</td> </tr> <tr> <td>Lee Chee Whye</td> <td>N/A</td> <td>1,196,610</td> <td>138,392</td> <td>52,162</td> <td>N/A</td> <td>177,746</td> <td>1,564,910</td> </tr> <tr> <td colspan="8">Non-Executive Directors</td> </tr> <tr> <td>Angela Heng Chor Kiang</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Tung Kum Hon</td> <td>70,000</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>9,000</td> <td>79,000</td> </tr> <tr> <td>Dr Ong Eng Leng (Dr Ong Eng Lin)</td> <td>65,000</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>12,000</td> <td>77,000</td> </tr> <tr> <td>John David Cambridge</td> <td>65,000</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>12,000</td> <td>77,000</td> </tr> <tr> <td>YM Tengku Djan Ley Bin Tengku Mahaleel (appointed on 26 February 2018)</td> <td>50,536</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>8,000</td> <td>58,536</td> </tr> </tbody> </table> <p>The disclosure is made on the listed issuer level, in accordance with Paragraph 11, Part A, Appendix 9C of the MMLR of Bursa Securities. Other than the remuneration from the Company, the Directors do not receive any remuneration from any of the subsidiaries within the Group.</p>	Directors	Fee (RM)	Salaries (RM)	Bonus (RM)	EPF (RM)	Benefits-in-kind (RM)	Other remuneration/ Allowances (RM)	Total (RM)	Executive Directors								Yen Wen Hwa (Ngan Tzee Manh)	N/A	250,200	N/A	N/A	N/A	N/A	250,200	Lee Chee Whye	N/A	1,196,610	138,392	52,162	N/A	177,746	1,564,910	Non-Executive Directors								Angela Heng Chor Kiang	N/A	Tung Kum Hon	70,000	N/A	N/A	N/A	N/A	9,000	79,000	Dr Ong Eng Leng (Dr Ong Eng Lin)	65,000	N/A	N/A	N/A	N/A	12,000	77,000	John David Cambridge	65,000	N/A	N/A	N/A	N/A	12,000	77,000	YM Tengku Djan Ley Bin Tengku Mahaleel (appointed on 26 February 2018)	50,536	N/A	N/A	N/A	N/A	8,000	58,536						
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Measure	:																																																																																	
Timeframe	:																																																																																	

Intended Outcome

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

Practice 7.2

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

Application :	Applied																																																													
Explanation on application of the practice :	<p>The details of the remuneration of the Top Five (5) Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 during the financial year ended 31 December 2018 are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Top Five Senior Management</th> <th>Fees</th> <th>Salaries</th> <th>Bonus</th> <th>EPF/SOCSSO</th> <th>Benefits-in-kind</th> <th>Other Remuneration/ Allowances</th> <th>Total</th> </tr> <tr> <th>(%)</th> <th>(%)</th> <th>(%)</th> <th>(%)</th> <th>(%)</th> <th>(%)</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td colspan="8">RM 450,000 – RM 500,000</td> </tr> <tr> <td>Lam Hoi Khong (Group Finance Director – resigned on 30 November 2018)</td> <td>N/A</td> <td>72</td> <td>9</td> <td>11</td> <td>N/A</td> <td>8</td> <td>100</td> </tr> <tr> <td>Yoong Loong Yan (Group Technical Support Director) #</td> <td>N/A</td> <td>71</td> <td>7</td> <td>11</td> <td>N/A</td> <td>11</td> <td>100</td> </tr> <tr> <td colspan="8">RM 750,000 – RM 800,000</td> </tr> <tr> <td>Andrew Yeo Peng Khoon (Group Human Resource Director – resigned on 30 November 2018)</td> <td>N/A</td> <td>54</td> <td>7</td> <td>11</td> <td>N/A</td> <td>28</td> <td>100</td> </tr> </tbody> </table> <p># Yoong Loong Yan was appointed as Group Operations Director on 1 January 2018 and he was re-designated as Group Technical Support Director on 7 January 2019.</p> <p>The disclosures are made on a Group level. Both (two) of the Executive Directors of the Company also make up the Top Five (5) Senior Management and their remuneration have been disclosed in Practice 7.1 above.</p>							Name of Top Five Senior Management	Fees	Salaries	Bonus	EPF/SOCSSO	Benefits-in-kind	Other Remuneration/ Allowances	Total	(%)	(%)	(%)	(%)	(%)	(%)	(%)	RM 450,000 – RM 500,000								Lam Hoi Khong (Group Finance Director – resigned on 30 November 2018)	N/A	72	9	11	N/A	8	100	Yoong Loong Yan (Group Technical Support Director) #	N/A	71	7	11	N/A	11	100	RM 750,000 – RM 800,000								Andrew Yeo Peng Khoon (Group Human Resource Director – resigned on 30 November 2018)	N/A	54	7	11	N/A	28	100
Name of Top Five Senior Management	Fees	Salaries	Bonus	EPF/SOCSSO	Benefits-in-kind	Other Remuneration/ Allowances	Total																																																							
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Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial Statement is a reliable source of information.

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr Tung Kum Hon is an Independent Non-Executive Director and he was appointed as Chairman of the ARC on 1 August 2017. The Chairman of the Board is Mr Yen Wen Hwa. This had ensured that the objectivity of the Board's review of the ARC's findings and recommendations is not impaired.</p> <p>Mr Tung Kum Hon possesses more than sixteen (16) years of experience in public accountancy, business advisory and transaction services with PricewaterhouseCoopers Hong Kong and Malaysia, and KPMG Singapore. He holds the following qualifications:-</p> <ul style="list-style-type: none"> (a) Certified Public Accountant ("CPA"); (b) Member of the Malaysian Institute of Certified Public Accountants ("MICPA"); and (c) Malaysian Institute of Accountants ("MIA"). <p>His full profile is available on the Company's website at www.tienwah.com and on page 18 of the Annual Report.</p> <p>The duties and responsibilities of the Chairman of the ARC are outlined in the Terms of Reference of the ARC, which is also available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Terms of Reference of the ARC requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARC.</p> <p>This is to ensure that the independence of the audit process is safeguarded from the potential threats and conflicts which may arise when a former key audit partner joins the Company.</p> <p>To date, the Company has not appointed any former key audit partner as Director of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The ARC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.</p> <p>During the financial year, the ARC has monitored and reviewed the performance and independence of the external auditor, namely, KPMG PLT and satisfied itself that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARC and the Group.</p> <p>For the audit of the financial year ended 31 December 2018, KPMG PLT provided the ARC with a written assurance confirming that they were and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARC currently comprises of four (4) Independent Non-Executive Directors, namely Mr Tung Kum Hon (Chairman), Mr John David Cambridge, Dr Ong Eng Leng @ Ong Eng Lin and YM Tengku Djan Ley Bin Tengku Mahaleel.</p> <p>The Board firmly believes the ARC would be able to provide impartial and unbiased views along with the relevant check and balances on matters relating to audit and risk management of the Company with its current composition.</p>

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 ARC currently comprises of four (4) Independent Non-Executive Directors, namely Mr Tung Kum Hon (Chairman), Mr John David Cambridge, Dr Ong Eng Leng @ Ong Eng Lin and YM Tengku Djan Ley Bin Tengku Mahaleel.</p> <p>The composition of the ARC allows it to possess a range of skills and the requisite financial literacy to discharge its duties effectively. Mr Tung Kum Hon is an accountant by profession and a member of CPA, MICPA and MIA. His presence on the Board fulfils the requirement of Paragraph 15.09(1)(c) of the MMLR of Bursa Securities which calls for one (1) member of the audit committee to be a member of a professional accountancy body.</p> <p>Mr John David Cambridge holds a degree in Economics and has extensive experience in corporate management. He is also a Chartered Professional Engineer. Dr Ong Eng Leng @ Ong Eng Lin holds a Bachelor of Medicine and a Bachelor of Surgery from the University of Sydney. He has served in numerous advisory Boards prior to his appointment as director of TWPH. YM Tengku Djan Ley Bin Tengku Mahaleel holds a degree in Automotive Engineering. He has more than eighteen (18) years of experience in the automotive industry.</p> <p>All members of the ARC attended the relevant trainings and continuous professional development programmes required to keep themselves abreast of the latest developments in accounting and auditing standards, practices and rules.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of TWPH is ultimately responsible for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework. The Board has set in place the necessary process to identify, evaluate and manage the significant risks that may impact the business objectives of the Company. An Enterprise Risk Management ("ERM") framework has been adopted by the Group to manage the diverse risks faced by the Group in accordance with the Company's strategic vision and overall risk appetite.</p> <p>The core elements of ERM involves:-</p> <ul style="list-style-type: none"> (a) Identification of business risks; (b) Measurement of the identified business risks; (c) Control and management of risks in line with the Group's policies and strategies; and (d) Constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and optimize opportunities. <p>The Board through ARC, reviews the key risks identified regularly to ensure sufficient measures are taken to mitigate the risk. The Board is assisted by the ARC in reviewing the adequacy and the effectiveness of the Company's ERM framework.</p> <p>The ARC reports its activities and makes recommendations to the Board. An annual comprehensive risk management report on salient changes to the key risk profile is tabled to the Board to facilitate timely assessment. Any major changes to risks or emerging significant risk of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Chairman of the ARC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objective 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 ARC has undertaken the responsibility to review the adequacy and effectiveness of the risk management and internal control for the financial year. The ARC is responsible for the following internal control system of the Company:</p> <p>Review the internal audit plan before it tables to the Board; Evaluate the key process, systems and internal controls in relation to the principle risks and implement strategic responses, action plans to manage or reduce performance gaps; Review the scope and frequency of the internal audit along with its resources; and Review key internal control issues that have been identified by the internal auditors, management and external auditors on a quarterly basis.</p> <p>The ARC is responsible to monitor and review all activities involving risk management and reports its findings to the Board.</p> <p>The Board has received assurance from the CEO and the Group Finance Director that the Group's risk management and internal control systems are operating adequately and effectively.</p> <p>Further details of the Group's risk management and internal control system are contained in the Statement on Risk Management and Internal Control which is on page 40 to page 45 of the Company's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - 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	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has an established in-house internal audit (“IA”) function. The IA function reports directly to the ARC. The IA function is guided by IA Charter that adopts a risk-based approach and was approved by the Board. The IA function was undertaken by external IA Consultant, Moore Stephens Associates PLT (“Moore Stephens”), supported by the in-house IA Department.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Group IA provides assurance and recommendations to the ARC on the Group’s governance, risk management and internal control systems. The IA function of the Company is responsible for the following tasks:-</p> <ul style="list-style-type: none">• Independent review of key business processes to identify and evaluate significant operational, financial and compliance risks;• Monitor and review the action plans taken by management based on the recommendation of the IA function; and• Highlight the weakness of the internal control process and ensure prompt action is taken by management to address the weakness. The IA function is also responsible to ensure any material misstatement or loss that would require additional adjustment or disclosure in the Annual Report are flagged to management. <p>The ARC holds regular private meetings with the IA team without the presence of Management to discuss on significant internal audit matters. These private meetings provide an avenue for the internal audit team to surface any pertinent issues or concerns that they were gathered. During the financial year under review, there were two (2) meetings held between the IA and the ARC without the presence of the Executive Board Members and Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The Board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 31 December 2018, Moore Stephens provided a total of four (4) personnel to the Internal Audit function. All the personnel were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work.</p> <p>Moore Stephens team is led by Mr Dennis Chong who is a member of Chartered Member of Institute of Internal Audit (CMIIA), and has over ten (10) years of experience in a wide range of governance advisory, risk and internal audit work, serving listed companies, multi-nationals and private companies. The IA service provided by Moore Stephens was supported by Encik Warithzamshah bin Mohammad (“Encik Warith”), an in-house Internal Audit Executive. Encik Warith is a member of Institute of Internal Auditors and holds a Bachelor degree in Accounting. He has accumulated over seven (7) years of experiences in areas relating to governance, risk and controls.</p> <p>All internal audit work carried out is guided by the International Professional Practices Framework promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. During the financial year ended 31 December 2018, the total internal cost incurred is approximately RM 116,723.00 (2017: RM124,408.00).</p> <p>In accordance with the Terms of Reference of the ARC, the ARC had in November 2018 conducted an annual assessment on the performance of the IA. The ARC was satisfied that the IA has discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board understands that stewards of the Company, they are accountable to their shareholders as well as other stakeholders. As such the Board endeavours to ensure that the Company remains in constant communication with its stakeholders.</p> <p>In building a closer relationship with its stakeholders, the Board, along with Management ensure that the Company's website contains the latest information on the Company including, but not limited to its business activities, investor relations activities, corporate social responsibility activities and any press releases made by the Group. The Board through its Investor Relation Policy outlines its commitment to ensure that all stakeholders have timely access to all publicly available information of the Company, thus, allowing them to make decisions in an informed manner.</p> <p>Stakeholders may at any time direct questions or request publicly available information via the communication channels provided in the website. The Company places great importance on stakeholders' privacy and will not disclose information of stakeholders unless otherwise required by law.</p> <p>The Board also perceives the general meetings as an ideal opportunity to communicate with its shareholders. During the Annual General Meeting ("AGM"), there is a presentation on the Company's performance and major activities which were carried out by the Company during the financial year under review. Shareholders are encouraged to participate in General Meetings and before any proposed resolution is put to a vote, the Chairman of the meeting will open the floor to questions so that all shareholders' queries could be adequately addressed.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board strives to provide all stakeholders with a balanced, comparable and meaningful overview of the Company's performance and its business prospects. The current Annual Report of the Company includes components such as Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control of the Company.</p> <p>The Board would like to allow an advocacy period for the awareness of integrated reporting to be ingrained in the Company so as to enable holistic changes to be made seamlessly in the future.</p> <p>The current Annual Report of the Company strives to provide shareholders with a closely knitted picture of the Company's business operations. To enable such a report to be produced, the report draws linkages between the various components that comprise of financial and non-financial information.</p> <p>The current sustainability reporting via the Sustainability Statement provides a foundation for the Company to move towards adoption of Integrated Reporting through the establishment of necessary systems and controls to assure the Board and Senior Management that there is a clear presence of quality of non-financial data to support the development of an integrated report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the significance of the AGM as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.</p> <p>In this regard, the notices of the last AGM in year 2018 and the upcoming AGM in year 2019 were provided more than twenty-eight (28) days before the meeting. This goes above and beyond Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the MMLR of Bursa Securities which call for a 21-days' notice period for public companies or listed issuers respectively. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person through corporate representatives, proxies or attorneys. In addition, the shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is placed both in a nationally circulated newspaper and the Company's website at www.tienwah.com besides being dispatched to shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors including the Chairmen of all the respective Board Committees attended the Twenty-Third AGM ("23rd AGM") held on 4 June 2018 to engage directly with shareholders and be accountable for their stewardship of the Company. The Management and External Auditors were also present to respond to any questions raised by shareholders.</p> <p>At the 23rd AGM, the CEO and the Group Finance Director gave presentations on the Group's performance and major activities which were carried out by the Company during the financial year under review.</p> <p>The Board encouraged shareholders to actively participate during the Questions and Answers session at the AGM. All questions raised by the shareholders and proxies were attended accordingly.</p> <p>The Minutes of the 23rd AGM in year 2018 was made available on the Company's website in accordance with Paragraph 9.21(2) of the MMLR of Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Board regards General Meetings as a key platform for shareholders to exercise their rights and have their “voices” heard through the votes cast by them. In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions put to vote will be carried out by poll voting. The Board has always seen good shareholder participation in its previous general meetings and the Board has given foremost consideration to the location of its general meetings to ensure it is easy to reach or easily accessible to shareholders.</p> <p>However, the Board has yet facilitate remote shareholder participation or voting in absentia using technological means as the Company would like to allow for an advocacy period in assessing the cost and benefits of this undertaking.</p> <p>In order to ensure shareholders are able to conveniently travel to the Company’s upcoming AGM, the AGM will be held at Atlanta East, Level 3, Armada Hotel, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan. This venue is in close proximity of public transportation localities such as the Asia Jaya LRT station as well as the Taman Jaya LRT station.</p> <p>In order to facilitate more seamless proceedings at the upcoming AGM, the voting process at the upcoming AGM will be conducted via electronic means. An independent scrutineer will be appointed to validate the votes cast at the AGM. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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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