

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7249
COMPANY NAME : EWEIN BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has set the Company's Vision and Mission on the corporate's website at www.eweinberhad.com.</p> <p>The Company mission is to exceed customers' expectations by consistently delivering products, services and experiences of unparalleled value.</p> <p>The Board also established core values of:</p> <ol style="list-style-type: none"> 1) Mutually beneficial 2) Approach with diligent/ Manage with diligent 3) Seek truth from facts 4) Ideal remoulding/ Breaking through conventional 5) One-for-all, All-for-one 6) Never give up 7) Step into society/ Step into public 8) Embrace market <p>These core values form the basis of the right work ethics, conduct and behaviour which all employees must adopt in order for the Group to achieve its Vision and Mission. The Board further ensures that these values are propagated and operationalised through the establishment of various internal policies.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Chairman of the Board, Dato' Ewe Swee Kheng was re-designated to Chairman on 17 December 2020, who is responsible to instilling the good corporate governance practices, leadership and composition of the Board. The relevant practices have been stated in the Board Charter as published in the corporate's website.</p> <p>In addition, the Chairman cultivates a healthy working relationship with the Managing Director and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to all the stakeholders.</p> <p>The Chairman's profile can be found in Annual Report 2020.</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	:	Chairman of the Company- Dato' Ewe Swee Kheng and the Managing Director- Mr. Chuah Poh Lim.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance ("CG") of Ewein Group. In this respect, he plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations.</p> <p>The Company Secretary ensure that deliberations at Board and Board Committee meetings are well documented.</p> <p>The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. He has also attended the relevant continuous professional development programmes. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</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 Chairman of the Board with assistance of Company Secretary takes responsibility for ensuring that the members of the Board receive relevant, accurate, and clear information on a timely basis in respect of the Group's financial and operational performance.</p> <p>In order to provide for detailed discussion of the respective matters within a reasonable and sufficient time, the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance.</p> <p>The Chairman with the assistance of the Company Secretary ensures that clear and accurate minutes of board meetings which include each decision made, and any significant concerns are maintained. The Company Secretary also ensures that the approved minutes of meetings are circulated to the Board members in a timely manner.</p> <p>Meeting materials are circulated to the Board and Board Committees' members, 7 days prior to the meetings.</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 has a board charter and published on the corporate’s website. The board charter clearly stated the role and composition of the Board, Chairman, Managing Director, Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Sustainability Committee.</p> <p>The board charter also mentioned transparency of financial reporting and corporate social responsibilities.</p> <p>Details of board charter has been published on the corporate’s website at www.eweinberhad.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>The Group has a Code of Ethics and Conduct (the "Code of Ethics") to ensure the correct operations of Ewein Group of Companies' businesses and related activities with a view to safeguard its image and reputation.</p> <p>Pursuant to the Code of Ethics, the Group's employees are required to uphold the highest standard of integrity in discharging their duties and in dealing with the stakeholders, customers, fellow employees and regulators.</p> <p>A copy of the Code of Ethics is available on corporate's website at www.eweinberhad.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

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 established whistleblowing procedures in the Company's website to mentioned important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations.</p> <p>Ewein Group is committed to the protection of genuine whistleblower against detrimental action taken in reprisal for the making of protected disclosures. The Group will take all reasonable step to protect the identity of the whistleblower, in ensuring reprisal are not made against a whistleblower.</p> <p>Method to disclose suspected improper activity or detrimental action is published on the corporate's website at www.eweinberhad.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 4.1

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	:	Composition of the Board of Directors: Independent Directors 1) Dato' Choong Khuat Seng 2) Mr. Tan Yen Yeow 3) Mr. Eric Lim Seng Keat Non-independent Directors 1) Dato' Ewe Swee Kheng 2) Mr. Chuah Poh Lim 3) Ms. Ewe Lay Khim
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board have selected the best candidate who fit the position as required, with consideration the skills, experience, age, cultural background and gender of the candidate. Evaluation and assessment of the Board has been carried out annually.</p> <p>Current Board composition reflects a mix of suitability qualified and experienced professionals in various field which are vital for the strategic success of Ewein.</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	:	Currently, there is one female Director on Board who is Ms. Ewe Lay Khim. The Board is mindful of the recommendation of the MCGG to have at least 30% women decision-makers in the Board. However, there are no suitable female candidate.
		The Company is not a Large Company as defined by Malaysian Code of Corporate Governance 2017.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board delegates to the Nominating Committee the responsibility to establish a formal and transparent procedure for the nominating and appointment of new Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates, performing requisite evaluation and assessment on the candidates' ability to discharge their duties effectively and efficiently, prior to making recommendations to the Board for its approval. The Nominating Committee also ensures candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge his or her role as a director.</p> <p>The Board take note of the guidance to utilise independent source for future appointments of future candidates.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Chairman of Nominating Committee is Ms Ewe Lay Khim, Non-independent non-executive Director.	
		Although Ms Ewe Lay Khim is a non-independent Director, but in view of her knowledge and experience, she could lead the committee to assess, propose and elect the suitable candidates to be Director of the Group. On top of that, the Nominating Committee is consisted of 2 independent directors (i.e. Dato' Choong Khuat Seng and Mr Eric Lim Seng Keat) to enhance the independency of the Nominating Committee.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to 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 Nominating Committee reviews the composition of the Board Committee in accordance with the terms of reference of the Board Committees. The Committee also reviews annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual director through the annual assessment questionnaire completed by each director. In determining candidates for appointment to the Board Committees, various factors are considered, including the time commitment of the Board Committee members in discharging their role and responsibilities through attendance at their respective meetings, their performance and contribution to the achievement of the Board Committees' goals and objectives, possession of the attributes, capabilities and qualifications considered necessary or desirable for committee service and demonstration of independence, integrity and impartiality in decision-making.</p> <p>The Nominating Committee is empowered to assess the effectiveness of the Board, its committees, including Audit Committee, contributing of each individual Director, performance evaluation, assessment of the independence of independent Director and performance evaluation for the Audit Committee where carried out annually. The areas covered are as follows:-</p> <ul style="list-style-type: none">(i) Directors' performance evaluation(ii) Assessment of performance of independent Director(iii) Performance evaluation for the Audit Committee(iv) Directors mix of skills, experience which contributed to the Board. <p>The results indicated the Board as a whole was effective as well as the contribution of each individual Director. The Nominating Committee and the Board also expressed satisfaction with the independence and performance of present Independence Directors of the Company.</p>
Explanation for departure	:	

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

Intended Outcome

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 Remuneration Committee (RC) is responsible for recommending to the Board the remuneration structure as well as the remuneration packages of the Executive Directors and Key Senior Management. The Remuneration policy addresses the remuneration package, composition of the remuneration, manner of payment and annual review of the remuneration. The remuneration of Directors and Key Senior Management shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.</p> <p>The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the RC is to ensure that the Company attracts and retains the appropriate Directors of the caliber needed to run the Group successfully.</p> <p>The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting in respect of his own remuneration.</p> <p>In addition, the Company also reimburses reasonable out of pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the AGM based on recommendations of the Board. The remuneration strategy and</p>

	practices for Key Senior Management ensures business complexities and individual responsibilities are aligned with business strategy and long term objectives.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee ("RC") that responsible in recommending the remuneration framework for the Directors as well as the remuneration package of Executive Directors. The Executive Directors are to abstain from deliberation and voting on the decision in respect of their own remuneration package. Currently, the RC consists majority of Non-Executive Directors.</p> <p>The RC's Terms of Reference is available on the Corporate's website at www.eweinberhad.com</p> <p>The RC reviews the remuneration package of the Executive Directors, and recommended to the Board for approval, to ensure their remuneration package is sufficiently attractive and is able to retain and motivate Executive Directors to run the Company successfully.</p> <p>All the Independent Non-Executive Directors are entitled to the Directors' fees and meeting allowances for attending Board and Board Committee meeting. The proposed Directors' fees and Directors' benefits are subject to shareholders' approval at general meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 7.1

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 total remuneration paid to each director reflects the time and efforts devoted to fulfill his responsibilities on the board and linked to the Group's performance.</p> <p>The composition and range of remuneration package received by the Directors during the financial year is illustrated in the Corporate Governance Overview Statement of the Annual Report 2020.</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 7.2

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	:	The remuneration package received by the top 5 senior management during the financial year is illustrated in the Corporate Governance Overview Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - 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	:	Chairman of the Audit Committee is Mr. Tan Yen Yeow, an Independent Non-Executive Director. Chairman of the Board of Directors is Dato' Ewe Swee Kheng, an Executive Chairman.	
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	:	The Board Charter of the Company has included the observation of the cooling-off period of at least two years before a former key audit partner of the External Auditor can be appointed as a member of the Audit Committee. The Board Charter is available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	This practice has already been incorporated into the Terms of Reference of the Audit Committee that it meets with External Auditors at least twice a year to discuss and review of their audit plans, scope of audit and audit reports as well as their professional fees. The Audit Committee will review the appointment and re-appointment of External Auditors and to assess the performance and independence of the External Auditors on annual basis. The External Auditors is expected to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention. The existing auditors had confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Currently the Audit Committee comprised solely of Independent Directors: Mr. Tan Yen Yeow (Chairman) Dato' Choong Khuat Seng (Member) Mr. Eric Lim Seng Keat (Member)

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	All Audit Committee members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and development in this area from time to time. In line with this, the Audit Committee members have made continuous effort in keeping themselves abreast of relevant developments by attending trainings in accounting and auditing standards, practices and rules.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness.</p> <p>In this respect, the Board has established a governance structure to ensure effective oversight of risks and controls in the Group. It is assisted by the Risk Management Committee (“RMC”) and Audit Committee to oversee all matters with regard to risks and controls.</p> <p>Further details on the state of the Group’s risk and internal controls during FY2020 can be found in the Statement on Risk Management and Internal Controls in the Annual Report 2020.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Group through the management meetings between the Managing Director and head of departments, identifies and manages any operational risks faced by the Group. The Board has received assurance from the Managing Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system adopted.</p> <p>The Board is of the view that the risk management and internal control system put in place during financial year and up to the date of approval of this statement is sound and adequate to safeguard shareholders' investment, other stakeholders as well as the Group's assets. The Board remains committed to strengthen the risk management and internal control environment of the Group.</p> <p>The Group has engaged an independent professional consulting firm ("the Internal Auditors") to carry out its internal audit functions. The Internal Auditors had conducted an assessment of the risks applicable to the operating subsidiaries of the Group. Risks are assessed in terms of their likelihood and impact to the organisation. In addition, the Internal Auditors had conducted internal audits on its operating subsidiaries. Arising from the audit performed, the Internal Auditors highlighted to the Management certain areas for improvement. The Internal Auditors had also presented their reports to the Audit Committee for deliberation. In turn, the Audit Committee had also reported to the Board of Directors the internal audit findings, the recommendations for improvements and the response from Management thereto.</p> <p>The Board is of the view that there were no significant breakdowns or weaknesses in the system of internal controls of the Group that resulted in material losses incurred by the Group for the financial year ended 31 December 2020 and the internal control system in place is effective up to the date of approval of this statement. The Group will continue to take the necessary measures to ensure that the system of internal controls is in place and functioning effectively in all material aspects.</p>

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

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Risk Management Committee consists of:</p> <p>Chairman of Risk Management Committee- Mr. Tan Yen Yeow- Independent Non-Executive Director</p> <p>Members of Risk Management Committee:</p> <ol style="list-style-type: none">1) Mr Chuah Poh Lim- Executive Director2) Mr Eric Lim Seng Keat- Independent Non-Executive Director <p>The Risk Management Committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated on-going basis.</p>

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has engaged an independent professional consulting firm to carry out its internal audit functions. The internal auditors have highlighted certain areas of improvement. The Audit Committee had also reported to the Board the internal audit findings, the recommendation for improvements and the response from the Management, and ensure the internal auditors is functioning independently.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, the internal audit functions of the Company have been outsourced to Messrs. JWC Consulting Sdn. Bhd. as independent internal audit service provider.</p> <p>The internal audit personnel are not related to any of the Directors of the Company and have no conflict of interest with the Company. At least 3 internal audit personnel are assigned by JWC Consulting Sdn. Bhd. to the internal audit and Ms. Joyce Wong is the person responsible for the internal audit. She is a member of Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants and Certified Practising Accountants, Australia. The internal audit is carried out in accordance with International Professional Practices framework, issued by the Institute of Internal Auditors Inc.</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	:	Communication with stakeholders has been achieved through following platform: 1) Investor relation function in corporate's website; 2) Announcement in Bursa Malaysia Securities Berhad's website; 3) Through general meeting; 4) Organising investor, analyst and media briefing; if any.	
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	:	The Company has yet to adopt integrated reporting as the Company is not a Large Company as defined in the Malaysian Code on Corporate Governance. The Board acknowledges that integrated reporting goes beyond a mere combination of the reports in the Annual Report into a single document.	
		Nevertheless, there are coordination efforts among cross- functional departments in preparing the various statements and report in the Annual Report.	
		The Company is not a Large Company as defined by Malaysian Code of Corporate Governance 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	28 days notice period was issued for Annual General Meeting 2020	
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 of the Company attended the 14th Annual General Meeting (“AGM”) of the Company held on 18 September 2020.</p> <p>The Board took note that the presence of all Directors in the AGM will provide opportunity for shareholders to effectively engage each Director. Besides, having the chair of the board subcommittees present facilitates these conversations and allow shareholders to raise questions and concern directly to those responsible.</p> <p>Barring unforeseen circumstances, all Directors as well as the Chairman of respective Board Committee (i.e. Audit Committee, Nominating Committee and Remuneration Committee) will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company's general meetings are held in the City area accessible via public transport. As an alternative to the recommended practice, shareholders who were unable to attend general meetings are allowed to appoint their respective proxies to participate, speak and vote on their behalf at all general meetings of the Company.
	:	In line with the Guidance Note on Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, the 15 TH AGM will be conducted virtually from the Broadcast Venue as a precautionary measure amid COVID-19 pandemic. It could enable stockholders to exercise their right as a member of the Company to participate by posing questions to the Board of Directors and/or Management of the Company in advance and voting remotely. Stockholders who were unable to attend the virtual meeting may appoint a proxy to attend and vote on behalf.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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

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