

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4464
COMPANY NAME : Pegasus Heights Berhad
(Formerly known as Naim Indah Corporation Berhad)
FINANCIAL YEAR : December 31, 2017

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 is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group.</p> <p>The Company's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Company's website at www.pegasusheights.com.</p> <p>While the responsibility for monitoring the effectiveness of the Group's risk management and internal control systems has been delegated to the Audit Committee, the Board is ultimately responsible for determining the Group's "risk tolerance" and annually receives and considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties. In addition, the Board receives regular reports from the Chairman of the Audit Committee in relation to the work of that Committee in the area of internal control and risk management.</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	:	The Chairman's role and responsibilities have been set forth in the Board Charter of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Company's Chairman and the Executive Directors position of the Company are held by two distinct individuals.</p> <p>The Board has delegated the management of the Group to the Executive Directors. There is a clear division of responsibilities between the roles of the Chairman and the Executive Directors, which are set out in the Board Charter 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

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	:	All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board in providing sound governance advice and ensuring that the Board complies with the necessary rules and regulation. Mr Tan Tong Lang, the Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators.	
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	:	The notice of the Directors' meeting is given in writing at least seven (7) days prior to the meeting together with the relevant agenda items in order for the Board to have sufficient time to go through the meeting materials in order to have a conducive and meaningful discussion in the meeting.	
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 Charter has been incorporated into our Group's governance system, documented policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates. A copy of the Board Charter and the terms of references of the Audit Committee, Remuneration Committee and Nomination Committee are available in the Company's website at www.pegasusheights.com.</p> <p>There is a formal schedule of matters reserved for the Board's consideration and decision which is set out 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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has established a Code of Conduct and Code of Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group and includes procedures in managing conflicts of interest and prevention of fraudulent activities. A copy of the Code of Conduct and Code of Ethics are available in the Company's website at www.pegasusheights.com .
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	:	The Group has a whistleblowing policy setting out procedures to provide all employees of the Group and other interested parties an avenue where genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices can be objectively investigated and addressed. The details on the policy and procedures can be found on our website at www.pegasusheights.com .	
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Independent Directors are expected to challenge management proposals constructively and to examine and review management performance in meeting agreed objectives and targets. In addition, they are expected to draw on their own experience and knowledge, where appropriate, in respect of any challenges facing the Group and in relation to the development of proposals on strategy.</p> <p>The Board of Directors are of view that the current size and composition of the Board is within a range which is appropriate. We also believe that the current size of the Board is sufficient to enable its Board Committees are structured properly to assist the Board in the execution of its duties and responsibilities.</p> <p>The spread of nationalities, age and gender of the Directors reflects the geographical reach of the Group and we consider that the Board as a whole has the appropriate blend of skills, knowledge and experience, from a wide range of industries and backgrounds, necessary to lead the Group. None of the Executive Directors is a non-executive director of another listed company.</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 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has adopted the limitation of the tenure of its independent directors to nine years in its Board Charter. The independence of non-executive Board members is assessed annually.</p> <p>In determining the independence of the Independent Non-Executive Directors, the Board is assisted through the annual review carried out by the Nomination Committee who assesses the independence of the individual members of the Board. The assessment of independence is based on the criteria prescribed under the Main Market Listing Requirements. The Board is satisfied that all of the Independent Directors bring an independent judgement to bear on issues of strategy, performance, resources, key appointments and standards.</p>

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	:	The Company is committed to ensuring that the Board and Senior Management are sufficiently diverse and appropriately balanced. This is further supported by the annual assessment carried out by the Nomination Committee. The Board concluded that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board of Directors and employees of the Group. This includes requirements for the Board of Directors to establish measurable objectives for achieving diversity on the Board of Directors and employees.</p> <p>The members of the Board with their combined business management and professional experience, knowledge and experience provide the core competencies to allow for diverse and objective perspectives on the Group’s business and direction.</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 4.6

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 appoints the members through a formal and transparent selection process which various criteria's such as age, skills, experiences, expertise and etc are taking into considerations.</p> <p>New candidates will be considered and evaluated by the Nomination Committee before recommending to the Board for the appointment. Generally, the Board adopts a flexible approach when selecting and appointing new Directors onto the Board.</p> <p>To have a right blend on the diversity, the Nomination Committee will not solely rely on the recommendations from the existing Board members or management but also consider the use of independent search firms.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination Committee is chaired by an Independent Non-Executive Director, namely Mr Chua Eng Chin.	
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	:	During the year, the Board conducted an internally facilitated Board assessment via the Nomination Committee. The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the Group's profitable performance.
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board did not formalise a remuneration policy to determine the remuneration of directors and senior management but has an internal policy catered to meet the intended outcome. The internal policy of the Group helps the Directors to take into account the demands, complexities and performance of the Company when determining the remuneration of directors and senior management.
<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	:	A copy of the Terms of Reference of the Remuneration Committee is available in the Company's website at www.pegasusheights.com .
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 of the remuneration breakdown of Individual Directors of the Company comprising remuneration received from the Company and subsidiary companies during the financial year ended 31 December 2017 are as follows:-</p> <table border="1"> <thead> <tr> <th>Directorship</th> <th>Fees (RM'000)</th> <th>Salaries (RM'000)</th> <th>* Others (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><u>COMPANY</u></td> </tr> <tr> <td colspan="5"><u>Executive Director</u></td> </tr> <tr> <td>Cheang Soon Siang</td> <td>36,000</td> <td>135,373</td> <td>23,858</td> <td>195,231</td> </tr> <tr> <td>Low Tuck Meng</td> <td>60,000</td> <td>491,723</td> <td>27,053</td> <td>578,776</td> </tr> <tr> <td>Toh Hong Chye</td> <td></td> <td>58,240</td> <td>-</td> <td>58,240</td> </tr> <tr> <td>Dato' Sri Lee See Yang</td> <td></td> <td>74,679</td> <td>-</td> <td>74,679</td> </tr> <tr> <td>Hud Bin Abu Bakar</td> <td>24,000</td> <td></td> <td>5,901</td> <td>29,901</td> </tr> <tr> <td>Dato' Sri Siaw Swee Hin</td> <td>57,097</td> <td>1,065,173</td> <td>49,188</td> <td>1,171,458</td> </tr> <tr> <td></td> <td>177,097</td> <td>1,825,188</td> <td>106,000</td> <td>2,108,285</td> </tr> <tr> <td colspan="5"><u>Non-Executive Director</u></td> </tr> <tr> <td>Abdel Aziz@Abdul Aziz Bin Abu Bakar</td> <td>54,000</td> <td>-</td> <td>24,309</td> <td>78,309</td> </tr> <tr> <td>Chua Eng Chin</td> <td>27,000</td> <td>-</td> <td>4,919</td> <td>31,919</td> </tr> <tr> <td>Dato' Chiong Miaw Thuan</td> <td>7,548</td> <td>-</td> <td>-</td> <td>7,548</td> </tr> <tr> <td>Dato' George Alfonso Miranda</td> <td>24,000</td> <td>-</td> <td>11,560</td> <td>35,560</td> </tr> <tr> <td></td> <td>112,548</td> <td>-</td> <td>40,788</td> <td>153,336</td> </tr> <tr> <td>TOTAL</td> <td>289,645</td> <td>1,825,188</td> <td>146,788</td> <td>2,261,621</td> </tr> </tbody> </table>	Directorship	Fees (RM'000)	Salaries (RM'000)	* Others (RM'000)	Total (RM'000)	<u>COMPANY</u>					<u>Executive Director</u>					Cheang Soon Siang	36,000	135,373	23,858	195,231	Low Tuck Meng	60,000	491,723	27,053	578,776	Toh Hong Chye		58,240	-	58,240	Dato' Sri Lee See Yang		74,679	-	74,679	Hud Bin Abu Bakar	24,000		5,901	29,901	Dato' Sri Siaw Swee Hin	57,097	1,065,173	49,188	1,171,458		177,097	1,825,188	106,000	2,108,285	<u>Non-Executive Director</u>					Abdel Aziz@Abdul Aziz Bin Abu Bakar	54,000	-	24,309	78,309	Chua Eng Chin	27,000	-	4,919	31,919	Dato' Chiong Miaw Thuan	7,548	-	-	7,548	Dato' George Alfonso Miranda	24,000	-	11,560	35,560		112,548	-	40,788	153,336	TOTAL	289,645	1,825,188	146,788	2,261,621
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	Directorship				
	GROUP				
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	Cheang Soon Siang	36,000	135,373	23,858	195,231
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	Abdel Aziz@Abdul Aziz Bin Abu Bakar	54,000	-	24,309	78,309
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		112,548	-	40,788	153,336
	TOTAL	289,645	1,825,188	146,788	2,261,621
Explanation for departure	:				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
Measure	:				
Timeframe	:				

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board is of the opinion that it is not within the Company's interest for such disclosure considering the highly competitive market for talents in the business. The Board further opined that it would also not be in the best interest of the senior managements for confidentiality and privacy reasons. Thus, the name of the senior managements are not stated in the remuneration bands of RM50,000.
		Nonetheless, the Company provide details of the remuneration of the Senior Management on an aggregate basis in bands of RM50,000 in the Annual Report
<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 Management Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board and the Chairman of the Audit Committee are held by two distinct individuals.</p> <p>This ensures that the impairment of objectivity on the Board's review of the Audit Committee's findings and recommendations remains intact.</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 Audit Committee has included in its Terms of Reference that a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit and Risk Management Committee.</p> <p>A copy of the Terms of Reference of the Audit Committee is available on the Company’s website at www.pegasusheights.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

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has set out in the terms of reference of the Audit Committee the following criteria in relation to assessing the suitability, objectivity and independence of the external auditor when evaluating the external auditor's performance:-</p> <ul style="list-style-type: none">➤ the adequacy of the experience and resources of the external auditors;➤ the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;➤ the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and➤ whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.
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	:	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 8.5

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 the members of the Audit Committee possess a considerable understanding of financial reporting and auditing process. They also have the necessary accounting, financial, banking experience, commercial expertise and capital markets skills required to meet their responsibilities and provide an effective level of challenge to management, have relevant financial experience. All the Committee members receive ongoing training and development as detailed in the Directors' Training section of the Corporate Governance Overview Statement on page 21.
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	:	The Group adopted a Risk Management and internal control framework	
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 9.2

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	:	The Board has established a framework to formulate and review risk management policies and risk strategies. Further information on the Group’s risk management and internal framework is presented in the Statement on Risk Management and Internal Control.	
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 Audit Committee of the Company is responsible for monitoring and reviewing the effectiveness of the Group’s Internal Audit function. The Internal Audit function is independent of the external auditors and is led by the Internal Audit, which is outsourced to GovernanceAdvisory Sdn Bhd who has a direct reporting line to the Audit Committee. The Internal Auditor attends and reports at each Audit Committee meeting on its work conducted during each quarter as well as its findings, management’s responses and recommendations.</p> <p>For further details, please refer to the Audit Committee Report set out in pages 37 to 39 of the 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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Auditors reports to the Audit Committee. This reporting relationship supports internal audit independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions. The relationship also gives the Internal Audit staff the authority needed for full, free and unrestricted access to any or all operations, records, property and personnel within the Group.</p> <p>The Internal Audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (“IIA”). The Internal Audit team is made up of 7 personnel headed by Mr Jason Tee, a qualified professional and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has formalised a corporate disclosure policy and procedure not only to comply with the disclosure requirements as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.</p> <p>The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Malaysia Securities Berhad and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.</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	:	The Group has yet to adopt an integrated reporting. Executive Directors and Senior Management acknowledge that an integrated reporting is far more than simply combining a financial report and a sustainability report into a single document. In view that integrated reporting is a journey which should be built on the foundational steps and its effectiveness is clearly understood, the Group will conduct a study in integrated reporting to ensure its reporting framework would be met when presenting an integrated report to its stakeholders in the future.
<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	:	The notice of the Annual General Meeting is given to the shareholders at least 28 days prior to the meeting.	
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	:	During the Annual General Meeting of the Company, all Directors will attend the meeting to address any questions from the shareholders.
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 number of registered shareholders physically attending the General Meetings of the Company is considered small and manageable by the Company. In view thereof, electronic voting which would incur higher cost is not deemed practicable at this juncture.	
		Currently, shareholders whom are unable to attend and vote at the Annual General Meeting of the Company are encouraged to submit the proxy form of the Company to the Share Registrar. Hence, this allows them to vote in absence.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		