

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2135
COMPANY NAME : GOPENG 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	:	The Board oversees the conduct of the Group's affairs and is accountable to the shareholders for the long term performance and financial soundness of the Group. Apart from its statutory duties and responsibilities, the Board supervises the management of the business and affairs of the Group. The Board reviews and advises on the Group's strategic plans, key operational initiatives, major funding and investment proposals, principal risks of the Group's business and ensures the implementation of appropriate systems to manage these risks, reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	As the Executive Chairman, Dato' Mohd Salleh bin Hashim, is responsible for instilling good corporate governance, practices, leadership and effectiveness of the Board supported and counsel by the other Directors on the Board.
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Dato' Mohd Salleh bin Hashim is both the Executive Chairman and CEO of the Company. As Chairman, he is responsible for instilling good corporate governance, practices, leadership and effectiveness of the Board, supported and counsel by the other Directors on the Board and as CEO, he is responsible for spearheading the business and the day to day operations of the Group supported and assisted by members of senior management. The Group believes that a single leadership structure will facilitate the decision making process in relation to business opportunities and operational matters. The Board had determined that his role as Chairman of the Board does not affect his role as CEO of the Company taking into consideration the size, the nature of operations and accepted practices of the Group and there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good governance having regard that Dato' Mohd Salleh bin Hashim is also the largest single shareholder of the Company. The Board had resolved that Dato' Mohd Salleh bin Hashim is capable and had acted equally well in carrying out his duties as Chairman of the Board and as CEO of the 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

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	:	The Board is supported by a professionally qualified and competent Company Secretary, Liew Thong Sin, a member of MIA and has acted as the Company Secretary since the day the Company was formed. The Company Secretary also acts as Secretary for the Board Committees. All Directors have access to the advice and services of the Company Secretary in carrying out their duties. The Board believes that the Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. The Company Secretary keeps himself abreast with the many developments in corporate and securities law, listing rules and corporate governance practices by attending relevant training.
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 Directors have full and timely access to information with an agenda and Board papers distributed, at least five days before meetings so as to enable the Directors to obtain further explanation/clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include amongst others, the quarterly financial report and a report on the Group's cash and funds position and the minutes of the meetings of the Board Committees. Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense. The Company Secretary is tasked with preparing comprehensive minutes to document the Board proceedings and ensure conclusions are accurately recorded and that the minutes are circulated in a timely manner.
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	:	The Board has a Board Charter, which sets out the Board's strategic intent, authority and terms of reference of the Board, Board Committees, individual directors and management and serves as a primary source of reference and induction literature. The Board is generally responsible for the approval of the quarterly and yearly announcements, annual report and financial statements, major investments and funding, material acquisitions and disposal of assets. The Board Charter is published on the Company's web-site.	
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 is committed to conducting business in accordance with the highest standards of business integrity and complying with the applicable laws, rules and regulations. The Code of Ethics is published on the Company's web-site.	
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 whistle blowing.

Application	:	Applied
Explanation on application of the practice	:	The Board has adopted a whistle blowing policy for the Group which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Chairman and/or any member of the Audit Committee. The policy is to assist the Audit Committee in managing allegations of fraud or other misconduct and also to ensure that the disciplinary and other actions that are initiated following the completion of the investigation are appropriate and fair and actions are taken to correct the weakness in the system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent a recurrence.
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	:	The Board has eight members, comprising four Independent Directors and four Non-Independent Directors. The Independent Directors, which make up half the Board provide an independent element on the Board capable of exercising independent judgment on corporate affairs of the Group and provide management with diverse and objective perspective to enable balanced and well considered decisions to be made.	
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	:	Applied - Two Tier Voting
Explanation on application of the practice	:	Of the four Independent Non-Executive Directors, three of them have served the Company as Independent Directors for a cumulative term of more than twelve years. The three Independent Directors of the Company, Haji Abdullah bin Yusof, Dato' Shaharuddin bin Haron and Dato' Robert Lim Git Hooi had served the Board for more than twelve years and the Board intends to retain them as independent directors as the Board is of the view that their length of service does not in any way affect with their exercise of independent judgment and ability to act independently in the best interests of the Company and its shareholders. At the last AGM held on 20 May 2017, shareholders had approved the continuing in office of the three affected Directors until the conclusion of the forthcoming AGM. The three Directors have declared their independence and their desire to continue as Independent Non-Executive Directors of the Company. To this end, resolutions have been proposed for shareholders to decide, through a two tier voting process whether to retain them as Independent Non-Executive Directors at the Company's 34 th AGM scheduled to be held on 26 May 2018. The Board recommends that they be retained as Independent Directors as they ensure effective checks and balances in Board proceedings, provide objectivity in the decision making through unbiased and independent views, provide constructive opinions through their vast experience in business and that they had devoted sufficient time and attention in carrying out their responsibilities as Independent Directors.
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	:	The Nomination Committee ensures that there is a structured oversight process in recruiting, retaining, training and developing the best available Executive and Non-Executive Directors and that the Board renewal and succession are managed effectively. The Nomination Committee is authorized to propose new nominees to the Board. The actual decision as to who shall be appointed a Director remains the responsibility of the full Board after considering the recommendations of the Committee. In making the recommendations the Nomination Committee should consider the candidates' leadership; skills, knowledge, expertise and experience; work ethics; professionalism: gender; age; integrity and in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such duties and responsibilities/functions as expected from independent non-executive directors.
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	:	The Board will look into the need to restructure for diversity in age and gender. To-date, the Company had not appointed any female director. However, the Nomination Committee and the Board will keep this in mind when considering candidates in filling a vacancy and/or when a suitable female candidate presents herself. There were no new appointments to the Board during 2017.	
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 4.6

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There was no new appointment to the Board in 2017. The Board may consider utilising independent sources to identify suitable qualified candidates when there is a vacancy in the Board to be filled.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Haji Abdullah bin Yusof, an Independent Non-Executive Director	
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	:	The Nomination Committee, through a process implemented by the Board, assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director, including independent non-executive directors as well as the chief executive officer annually .An evaluation of the Board and Board Committees was conducted in 2016 and no evaluation was carried out in 2017 as there were no changes in the Board and in the Board Committees in 2017.
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	:	The Remuneration Committee develops and administer fair and transparent procedures for setting policy on remuneration of Directors and Senior Management and this is published on the Company's web-site.	
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	:	The Board has established a Remuneration Committee comprising three Independent Non-Executive Directors. The remuneration Committee implements policies and procedures on remuneration including reviewing and recommending matters to the remuneration of the Board and Senior management. The Remuneration Committee's terms of reference with deal with its authority and duties are disclosed on the Company's web-site.
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	:	The Company discloses the full details of remuneration of each individual Director as recommended by the Code. The Board believes that the information disclosed will enable shareholders to assess and understand the compensation policies and other remuneration matters of the Directors. The remuneration of the Executive Chairman is governed by a service agreement. The annual fees paid to all the Directors and the monthly fees paid to members of the Audit Committee and the Board and Committees Meeting attendance fees are subject to shareholders' approval.
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 Board discloses the full remuneration of the top four senior managers (there were only four in 2017) in bands of RM50,000.00 The Board believes that the disclosed information will enable shareholders to assess and understand the compensation and other remuneration matters of the senior managers. None of the senior managers has service agreement with 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

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	:	The Audit Committee comprises three Independent Non-Executive Directors and is chaired by Dato' Shaharuddin bin Haron, the Senior Independent Non-Executive Director , who is not the Chairman of the Board.	
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 Company has to-date not considered any former key audit partner to be a member of the Audit Committee and it will observe the two years cooling period if it decides to appoint a key audit partner as a member of the Audit Committee.	
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	:	The Audit Committee has in place procedures to assess the firm of external auditors on an annual basis before recommending to the Board and then collectively consider whether the firm of external auditors meets the criteria of adequacy of experience and resources of the firm and persons assigned to the audit as prescribed Paragraph 15.21 of the Listing 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	:	The Audit Committee comprises solely Independent Non-Executive Directors and as such there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgments independently.

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	:	Members of the Audit Committee have wealth of experience and knowledge in business. They have a sound knowledge of finance and accounting and one of the member of the Committee is a member of the Malaysian Institute of Accountants. In addition to attending trainings whenever expedient, they were also briefed by the Company's auditors every year to keep themselves of developments 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	:	The Board acknowledges its responsibility of maintaining an effective risk management and a sound system of internal control and the need to review their effectiveness regularly to safeguard the Group's assets and shareholders' investments. These systems, by nature, provide reasonable and not absolute assurance against misstatement, fraud or loss. The Statement on Risk Management and Internal Control provides an overview of the Group's approach in maintain an effective risk management and a sound 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 9.2

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 Audit Committee, through the assistance of the Risk Management Committee, reviews the adequacy and effectiveness of the risk management framework to ensure that a robust risk management and mitigating controls are in place. Management had adopted an enterprise-wide management framework to enhance its risks management capabilities.	
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	:	The Company is not considered a large company.

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 internal audit function includes a review and evaluation of the processes by which significant risks are identified, assessed and managed, thereby ensuring that the instituted controls are appropriate and effectively applied and that the risk exposure are in line with the Group's risk management policies. In the discharge of its duties and responsibilities under the internal audit function of the group, the Audit Committee was assisted by the services of a consulting firm acting as the internal auditors of the Company. The internal audit function was out sourced to IBDC (Malaysia) Sdn Bhd.	
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	:	The internal audit personnel do not have any relationship or conflict of interest which could impair their objectivity and independence. The internal audit was headed by Mr Yeoh Chin Hoe, a Chartered Accountant and a Chartered Audit Committee Director and he was assisted by Ghita Kerubanandan and Oon Yee Juin, both of whom are Associate Members of the Institute of Internal Auditors Malaysia. IBDC had allocated adequate human and other resources in carrying out the internal audit work for the Group in compliance with the International Standards for the Professional Practice of Internal Auditing.
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	:	The Company believes that shareholders have the right to be sufficiently informed of changes in the Company or its business and to ensure that all shareholders are treated fairly and equitably, the Company strives to share pertinent information with the investing community in a timely manner to keep them informed on the latest developments via the Bursa Link.	
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 is not considered a large company.	
<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 calling for the convening of the 34 th Annual General Meeting of the Company to be held at Room 5 First Floor, Impiana Hotel Ipoh, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak on Saturday, 26 May 2018 at 12.00 noon is dated 27 April 2018 giving shareholders 28 days notice of 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	:	All Directors, including the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee as well as the Senior Management had been asked and reminded to attend the 34 th AGM to response to any questions posed to them by shareholders at the AGM.	
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 is considered a small company with small number of shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
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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