

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : Kawan  
**COMPANY NAME** : Kawan Food Berhad  
**FINANCIAL YEAR** : December 31, 2019

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board sets the strategic direction of Kawan Food Berhad ("Kawan") ensuring that the necessary resources are in place for the Company to meet its objectives and that the Company's strategies are aligned to the interests of our shareholders and other stakeholders.</p> <p>To enable the Board to discharge its responsibilities in meeting the objective of the Company, the Board, together with the Management, is committed to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>In discharging its roles and responsibilities, the Board is guided by the Board charter which clearly specifies those which the Board may delegate to Board Committee, the Managing Director ("MD") and the key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group's businesses are vested in its hands. The Board Committees comprise three Committee ie Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Terms of Reference of the Board Committees is available on Kawan's website at <a href="http://www.kawanfood.com.my">www.kawanfood.com.my</a>.</p> <p>The Board delegates the implementation of its strategies to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. In August 2019, the AC conducted a mid-year review of the 2019 business and budget plan where the financial and operational performance for the year to date were discussed and compared to the targets set for 2019.</p> <p>In November 2019, the AC reviewed and deliberated on the proposed 2020 budget taking into consideration the changing environment and market conditions. The AC challenged the Management's view on the</p>

budget and provided its guidance to ensure that the budget plan is more realistic and sustainable to achieve the objectives of the Group.

The Board monitors its performance and implementation of the Company's strategies.

To enable effective oversight and monitoring of the Company's business and operations, the Management reports to the AC and Board on the operational performance, progress of key initiatives and financial results including actual performance against budget on a quarterly basis. Proposals including major investments and/or acquisitions are subject to AC and Board's review. The AC also reviewed the Group's cash position.

The Board through the AC oversees the risk management framework of the Group. The Internal Risk Management Working Committee ("IRMWC") meets quarterly to review the Group's risk including emergence and changes of the key risks faced by the Group and actions taken to manage these risks. The risk officer reports its summary on a quarterly basis to the AC. The outsourced internal audit function reviews the internal control system and reports directly to the AC on a quarterly basis on the findings based on the approved audit plan. The AC then reports to the Board on the new and changes of key risk as well as the updates and adequacy of the controls of the Group.

The NC is responsible to assist the Board in appointment, performance evaluation and succession planning of the Board, Board Committees, Managing Director and Key Management. The Board had put in place a succession planning policy. The Company is in the midst of identifying and streamlining the succession planning to identify and develop a group of talent pool for orderly succession of Board Members and Key Management. The NC reports to the Board on the performance of the Board as a whole, individual directors and Key Management on an annual basis and recommendation thereto.

The Board sets Kawan's values and standards and believes that effective corporate governance is based on honesty, integrity and transparency. The Board has in place the Kawan Code and Conduct and Ethics that requires all the Directors, officers and employees of the Group to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies.

The Board also values dialogue with stakeholders and appreciates the keen interest of shareholders on Kawan's performance. In this regard, the Board takes effective measures to disseminate timely and relevant information regarding the Company to stakeholders. The Group has in place a Corporate Disclosure Policy to ensure comprehensive, accurate and proper disclosure of information to the stakeholders.

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

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of KAWAN is Mr Gan Thiam Chai, a Non-Independent Executive Chairman. The Chairman was appointed to the Board as an Executive Chairman on 1 March 2010. He is the founder of Kawan Food Manufacturing Sdn Bhd and a major shareholder of KAWAN.</p> <p>The responsibilities of the Chairman in leading the Board and being responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The Chairman's key responsibilities include:</p> <ul style="list-style-type: none"> <li>- Leading board meetings and discussions by promoting an open culture for debates and encouraging active participation among the Directors;</li> <li>- Setting the Board agenda with the assistance of the MD and Company Secretary as well as ensuring board members receive accurate and complete information in a timely manner;</li> <li>- Obtaining opinion from directors during meetings and promotes open constructive debates; and</li> <li>- Providing effective communication with shareholders and other stakeholders.</li> </ul> <p>The detailed roles and responsibilities of the Chairman are stated in the Board Charter which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and the MD are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure that there is a balance of power and authority in the Company.</p> <p>The positions of Chairman and MD are held by different individuals. The Non-Independent Executive Chairman, Mr Gan Thiam Chai provides strong leadership to the Board in its cohesive oversight of Management whilst the MD, Mr Timothy Tan Heng Han is responsible on the day to day operations of the business and implementation of Board's policies and decisions within the sets of authorities delegated by the Board.</p> <p>The respective roles and responsibilities of the Chairman and the MD are clearly established in the Board Charter which are available on KAWAN's website at <a href="http://www.kawanfood.com.my">www.kawanfood.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by the Company Secretaries of KAWAN, Ms Tai Yit Chan and Ms Tai Yuen Ling from Boardroom Corporate Service Sdn. Bhd. Both the Company Secretaries have more than 20 years of experience and are qualified to act as company secretaries under The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Company Secretary ("LS") respectively.</p> <p>The Company Secretaries play an important role in supporting the effectiveness of the Board and its committees. The key responsibilities of Company Secretaries include:</p> <ul style="list-style-type: none"><li>- Advising the Board on its roles and responsibilities;</li><li>- Advising the board and committee on its governance matters;</li><li>- Provide updates and assist the board with relevant statutory and regulatory requirements;</li><li>- Monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li><li>- Attending and recording minutes of board and Board committee meetings as well as facilitate Board communications;</li><li>- Ensuring good information flows within the Board and its board committees and between Management and non-executive directors; and</li><li>- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries in discharging their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practice. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, and its compliance with regulatory requirements, and advocate adoption of corporate governance best practices.</p>

	<p>In 2019, the Company Secretaries together with Management assisted the Board in the review of constitution of the Company to ensure its compliance with the Companies Act, 2016, Bursa Listing Requirements and relevant laws and regulations. The Adoption of the new Constitution had been approved by shareholders by way of special resolution at the 15<sup>th</sup> AGM.</p> <p>The Company Secretaries also monitor the corporate governance developments to meet the Board’s needs and stakeholder expectations. In 2019, the Company Secretaries updated the Board with the governance practices that the Company has complied and highlighted the matters to be complied in accordance with the Malaysian Code on Corporate Governance (“MCCG”).</p> <p>For general meetings, the Company Secretaries ensure that meetings are properly convened and the proceedings and resolutions are properly managed.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter which is available on the Company’s website.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries work closely with the Management to manage appropriate flow of information to the Board in consultation with the Chairman and the MD.</p> <p>Board meetings for each year are scheduled in advance to ensure sufficient time for the Directors to plan their meeting schedule.</p> <p>Notice of Board meetings and proper agenda are sent to Directors at least seven (7) days prior to the meeting. Board papers and relevant reports are circulated at least five (5) business days prior to the meetings or shorter period deemed appropriate and/or unavoidable prior to the meetings to enable the Directors with sufficient time to review the materials for effective discussions and decision making during the meetings. Meeting papers that are deemed urgent may be presented at the meetings under item "any other matters", subject to approval of the Chairman and/or MD.</p> <p>Relevant information relating to business operations, financial, corporate, regulatory, business development and audit matters are provided to the Board members to enable the Board to make informed decisions. The Board is updated on important issues in the Board meetings by the Management.</p> <p>All pertinent issues discussed and decisions made at the Board meetings are properly recorded by the Company Secretaries. After meetings, minutes are circulated to the Directors for review and comments before tabling for confirmation at the next meetings. Status to the matters arising from previous meetings will be presented at the next meeting for further update/discussion.</p> <p>All Directors have unrestricted access to information pertaining to the Company in order to discharge their duties and responsibilities. The Directors may seek advice from Management on issues pertaining to their respective jurisdiction. The Directors also have direct access to the advice and services of the Company Secretaries as well as obtaining independent professional advice at the Company's expense whenever necessary and reasonable for the performance of their duties.</p>

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

**Intended Outcome**

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

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

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Board Charter which serves as a guide that clearly sets out the roles, functions, composition and procedures of the Board, Board Committees, Chairman, Senior Independent Director, Independent Director, MD and Company Secretary.</p> <p>The Board Charter further defines matters that are reserved for the Board’s approval and those which the Board may delegate to the Board Committees, MD and Management. Key matters reserved for the Board’s approval include corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly financial results and annual financial statements for announcement, monitoring of operating performance and review of the financial authority approving limits.</p> <p>The Board Charter and Terms of References (“TOR”) of the Board and the Board Committees are reviewed and updated in accordance with the needs of the Company and any new/revised regulations that may have an impact on the discharge of the Board’s duties.</p> <p>The Board Charter is available on the Company’s website <a href="http://www.kawanfood.com.my">www.kawanfood.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In tandem with the Board's aspiration to ingrain and engender appropriate standards of conduct and ethical practices, the Board has in place a Code of Conduct and Ethics ("COCE") which sets the expected standards for conduct of all employees of the Group.</p> <p>The COCE reflects the Company's commitment to integrity, transparency, accountability and self-regulation. It also serves as a reference for the employees to support day-to day decision making. Directors, Management and employees are required to support, promote and maintain high standards of integrity in carrying out roles and to ensure its compliance with laws and regulations and the Group's policies.</p> <p>The COCE covers the overarching areas, among others, conflict of interest, corporate opportunities, protection of Company and/or client information, fair practices, protection and proper use of Company's assets, acceptance and offering of gifts and other forms of benefits, compliance with laws including abuse of power, corruption, insider trading and money laundering, bribes and violation of code of conducts.</p> <p>The COCE was last revised in April 2018 and is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>. The COCE will be reviewed from time to time to reinforce ethical values as part of corporate governance under its leadership.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Whistleblowing Policy and Procedures that are applicable to all employees of the Group. The Whistleblowing Policy provides avenues for employees and external party to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices.</p> <p>Employees of the Group may raise concerns or report anonymously to his head of department or in writing using email or existing suggestion box. Under the Whistleblowing Policy, a whistleblower who discloses improper conduct in good faith will be protected against adverse and detrimental action, intimidation, suspension. They may also report whistleblowing matters to the AC Chairman directly.</p> <p>The Board vide the Whistleblowing Policy emphasises good faith in reporting, protection from reprisal as well as anonymity of the whistleblower's identity. The Audit Committee is responsible for overseeing the implementation of the whistleblowing process. All whistleblowing cases are reported and assessed confidentially by the AC to determine the validity and appropriate actions to be taken.</p> <p>The Whistleblowing Policy and the relevant procedures is subject to review by the Board from time to time is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has nine (9) members, comprising an Executive Chairman, three (3) Executive Directors, a Senior Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.</p> <p>The present composition of the Board has complied with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires that at least two Directors or one-third (1/3) of the Board members of the Company, whichever is higher, are independent.</p> <p>The current Board comprises directors with diverse knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively, objectively and independently.</p> <p>The Independent Directors consist of individuals from accounting and finance, auditing and food industry are able to express divergent points of views and concerns, provide insights on trends and forecast as well as challenge management in a more objective manner to create more values and sustainability of the business. The independent directors with diverse backgrounds also provide constructive debates, exchange views on the company, greater checks and balances which lead to better decision making.</p> <p>Each Independent Director is required to provide confirmation on quarterly basis as to whether he has any family relationship with any director and/or major shareholder of Kawan, any conflict of interest with Kawan and any convictions for offences within the past five (5) years.</p> <p>The NC will also undertake an evaluation assessment annually on the independence of the independent non-executive director.</p>

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

<b>Measure</b>	:		
<b>Timeframe</b>	:	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 4.2**

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

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

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to provide fair and equal opportunities as well as diversity within the Group. In assessing nominees and making recommendations for new appointment as Directors and Senior Management to the Board for approval, the NC takes into consideration the following:-</p> <ul style="list-style-type: none"><li>a) skill, knowledge, expertise and experience,</li><li>b) professionalism;</li><li>c) integrity</li><li>d) background, character, competencies, time commitment, and</li><li>e) in the case of potential candidates for the position of Independent Non-Executive Directors, the abilities of candidates to discharge such responsibilities.</li></ul> <p>The process involves the identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criterias, followed by deliberation by the NC and subsequently recommendation to the Board for approval.</p> <p>The NC will continuously take measures to strengthen the nomination process may consider utilising independent sources such as directors' registry, advertisement or recruitment agency to identify qualified candidates when necessary. Where necessary, the NC may engage external independent consultancy services to conduct search for potential candidates.</p> <p>The Board has in place a Diversity Policy which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of having diversity of Board, Management and employees in terms of skills, expertise, gender, age and ethnicity. In 2018, the Company has put in place a Diversity Policy to express the Company's commitment to diversity at all levels. The policy serves as a guide in the recruitment and selection processes at all levels so that a diverse range of candidates are considered and that there are no bias against certain candidates.</p> <p>Currently, the Board comprises one (1) female Non-Independent Executive Director which accounts for 10% of the Board members. The Diversity Policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for making recommendations to the Board on the appropriate size, composition and diversity of the Board. When considering new appointments, the NC will determine criteria used for potential candidates in the nomination and selection based on its review on the annual assessment of Directors to ensure that the potential candidates offers the skills required. Candidates are also assessed based on their competence, integrity, character, time commitment and experience in accordance to paragraph 2.20A of the Listing Requirements by Bursa Securities so that the Company is able to source high calibre Directors with a sound understanding of the business imperative.</p> <p>The Board normally relies on recommendation from the NC, existing Board members, management or major shareholders. The Board may consider utilising various independent sources to identify suitably qualified candidates, where necessary.</p> <p>There were no new appointments of Directors during the financial year 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr. Eugene Hon Kah Weng, an Independent Non-Executive Director of the Company is the Chairman of NC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a formal and objective annual evaluation the performance of the Board, Board Committees and individual directors' performance. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, experience in meeting the needs of the Company.</p> <p>The Board engages the Company Secretaries from an independent external secretarial firm to facilitate the Board evaluation via evaluation forms and informal discussion with the NC and Directors.</p> <p>The evaluation process was based on a self-review assessment whereby the Directors assessed themselves, the Board as a whole as well as the performance of the Board Committees. The criteria and outcome of the assessment were properly documented.</p> <p>Based on the recent assessment, the NC was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors and Board Committees had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfil their commitment to the Company during the year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The RC has established a formal process on the remuneration of the Board and Board Committees, MD and Key Management.</p> <p>The Company is in the midst of formalising a remuneration policy to formalise a transparent and independent process to determine the remuneration of Directors and Senior Management to be align with the company's long term objective. The RC reviews and recommend to the board the remuneration packages and fees of non-executive directors. Nevertheless, the Board is guided by the present practices and the existing stipulations on remuneration that are contained in the various promulgations such as Companies Act 2016 and the Listing Requirements by Bursa Securities.</p> <p>The remuneration packages for the Executive Directors and key senior management are reviewed taking into account a number of factors including individual responsibilities, skills, performance and experience undertaken and practice within comparable companies. The bonus is determined based on performance against financial performance.</p> <p>The Directors' fees reflect their experience and level of responsibilities. Directors are also paid fixed meeting allowances for attending Board and Board Committees meetings. The Directors' fees and benefits payable shall be tabled to the shareholders at AGM.</p> <p>In November 2019, the Remuneration Committee reviewed and recommended the remuneration package for the Executive Directors and the proposed directors' fees to the Board.</p>

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

<b>Measure</b>	:	
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") to assist the Board in developing and administering a fair and transparent procedure for setting the remuneration of Directors and Senior Management.</p> <p>The RC comprises three independent non-executive directors. The RC review and recommend to the Board on the remuneration of the MD and Executive Directors of the Company annually and for Board's approval pursuant to the terms of reference ("TOR") of RC.</p> <p>The TOR of the RC clearly sets out its duties and functions which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied					
<b>Explanation on application of the practice</b>	:	The remuneration of individual director for the financial year 2019 is set out in tables below:					
			Fees RM'000	Salaries, Bonus, EPF RM'000	Benefits in kind RM'000	Others RM'000	Total RM'000
		Gan Thiam Chai	110	1,218	28	7	1,363
		Timothy Tan Heng Han	60	856	21	7	944
		Gan Thiam Hock	60	928	24	7	1,019
		Kwan Sok Kay	60	721	17	7	805
		Lim Hun Soon @ David Lim	111	-	-	16	127
		Dr Nik Ismail bin Nik Daud	82	-	-	18	100
		Nareshchandra Gordhandas Nagrecha	60	-	-	4	64
		Abdul Razak bin Shakor	61	-	-	8	69
		Eugene Hon Kah Weng	82	-	-	17	99
		Lim Peng @ Lim Pang Tun*	-	-	-	9	9
		*retired on 31 May 2019					
<b>Explanation for departure</b>	:						

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

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure											
<b>Explanation on application of the practice</b>	:												
<b>Explanation for departure</b>	:	<p>The disclosure of the remuneration of the top five senior management are made in bands for confidentiality purpose as it would be detrimental to the interest of the Company and individuals. Nevertheless, the Company discloses the following senior management's remuneration in the bands of RM100,000:</p> <table border="1" data-bbox="555 1016 1407 1348"> <thead> <tr> <th></th> <th>Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM100,000 to RM200,000</td> <td>2</td> </tr> <tr> <td>RM200,001 to RM300,000</td> <td>2</td> </tr> <tr> <td>RM300,001 to RM400,000</td> <td>1</td> </tr> <tr> <td>RM400,001 to RM500,000</td> <td>-</td> </tr> </tbody> </table> <p>However, the Board is of the opinion that the remuneration of senior management commensurate with their individual performance taking into consideration the Company's performance. The remuneration packages of senior management are based on individual responsibilities, experience, expertise, skills and practice at other companies of similar size.</p>			Senior Management	RM100,000 to RM200,000	2	RM200,001 to RM300,000	2	RM300,001 to RM400,000	1	RM400,001 to RM500,000	-
	Senior Management												
RM100,000 to RM200,000	2												
RM200,001 to RM300,000	2												
RM300,001 to RM400,000	1												
RM400,001 to RM500,000	-												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
<b>Measure</b>	:												
<b>Timeframe</b>	:	Choose an item.											

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee (AC) who is an Independent Non-Executive Director is not the Chairman of the Board.</p> <p>The Chairman of the AC, Mr. Lim Hun Soon @ David Lim is a member of the Institute of Chartered Accountant (ICAEW), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He has had an extensive career as an Audit Partner at KPMG over thirty-three (33) years.</p> <p>The AC comprises three members, all of whom are Independent Non-Executive Directors and have relevant financial and commercial experiences. The Chairman leads open discussions and deliberations of the AC with confidence and support other members in developing and managing the AC’s agenda.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Currently, the AC does not have any former key audit partner as a member of the AC. However, the AC has incorporated the requirement that a cooling off period of at least two years for a former key audit partner before being appointed as a member of the AC in its revised TOR of the AC.</p> <p>The revised TOR of the AC is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the suitability, objectivity and independence of the external auditor and to make subsequent recommendations to the Board on the appointment or reappointment or termination of the external auditor.</p> <p>In safeguarding and supporting External Auditors independence and objectivity, the AC had on 27 February 2018 approved the External Auditors Assessment Policy. The policy set forth the procedures relating to the appointment of the external auditors, annual assessment and non-audit engagement. The policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p> <p>The AC had on 26 July 2019 and 13 August 2019 reviewed the proposed appointment of a new external auditor, Messrs. RSM Malaysia. In evaluating the appointment of the external auditor, the AC had given consideration to a range of factors such as:</p> <ul style="list-style-type: none"><li>- audit firm's reputation and presence in the industry;</li><li>- profile and experience of the engagement partners;</li><li>- allocation of resources and qualification of its audit team including experience of the team members; and</li><li>- competency and ability to provide support and technical expertise;</li><li>- ability to meet audit deadlines; and</li><li>- audit fees.</li></ul> <p>The AC deliberated on the evaluation based on the evaluation criteria and made recommendation to the Board for the proposal to the shareholders on the appointment, reappointment and termination of the external auditor.</p> <p>The AC had on 25 February 2020 performed an annual evaluation on the performance of the external audit. Areas of assessments include quality of service, adequacy of resources, ability to perform the audit work within the agreed timeframe, communication with the management, independence, objectivity and professionalism of the external auditor.</p>

	<p>In 2019, the AC held discussions with the external auditors without the presence of the management two times a year to allow the external auditors to express concerns and problems, if any.</p> <p>The AC has also reviewed and monitored the nature, extent and level of fees for non-audit services rendered by the external auditor to ensure independence and objectivity of the external auditor.</p> <p>The AC had on 27 April 2020 obtained written confirmation from its external auditors, Messrs RSM confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all the relevant professional and regulatory requirements.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises three Independent Non-Executive Directors. Hence, the AC is able to exercise their independent judgement objectively in the best interest of the Company.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The AC assists the Board to review the integrity of the Company's financial statements. The AC further reviews the adequacy and effectiveness of the system of internal controls as well as risk management framework of the Company.</p> <p>All the AC members have the relevant financial knowledge and commercial expertise skills required to discharge their roles and responsibilities effectively. The composition of AC which consists three (3) Independent Directors were as follows:</p> <table border="1"><thead><tr><th>Director</th><th>Composition</th></tr></thead><tbody><tr><td>Lim Hun Soon @ David Lim</td><td>Chairman, Independent Non-Executive Director</td></tr><tr><td>Dr. Nik Ismail bin Nik Daud</td><td>Member, Independent Non-Executive Director</td></tr><tr><td>Eugene Hon Kah Weng</td><td>Member, Independent Non-Executive Director</td></tr></tbody></table> <p>The qualification and experience of the AC members are disclosed in the Directors' Profiles from page 22 to page 30 of the Annual Report.</p> <p>The members of AC undertake continuous professional development to keep themselves abreast of the development in the industry and relevant changes in the accounting and auditing standards and practices.</p> <p>The list of training attended by the AC members during FY2019 are set out in Corporate Governance Overview Statement on page 58 to 59 of the Annual Report.</p>	Director	Composition	Lim Hun Soon @ David Lim	Chairman, Independent Non-Executive Director	Dr. Nik Ismail bin Nik Daud	Member, Independent Non-Executive Director	Eugene Hon Kah Weng	Member, Independent Non-Executive Director
Director	Composition									
Lim Hun Soon @ David Lim	Chairman, Independent Non-Executive Director									
Dr. Nik Ismail bin Nik Daud	Member, Independent Non-Executive Director									
Eugene Hon Kah Weng	Member, Independent Non-Executive Director									
<b>Explanation for departure</b>	:									

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

**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibilities for establishing and maintaining a sound risk management and internal control systems, and for reviewing its adequacy and integrity. The Board has established an on-going process for identifying, evaluating and managing significant risks which may affect the Company’s business objectives. The risk management and internal control systems are designed to manage and minimise rather than eliminate the risk of failure to achieve its objectives and strategies. Hence, the systems can only provide reasonable and not absolute assurance against material misstatement or losses.</p> <p>The Board has established a structured risk management framework as an approach for continuous identification, assessment, treatment, monitoring and review of risks. The Group adopts the three lines of defence in managing its risk.</p> <p>The Board through the Audit Committee (“AC”) monitors the Group’s risk management and oversees the effectiveness of the processes. In discharging its responsibilities, the AC is assisted by the Internal Risk Management Committee (“RMWC”). The responsibilities of RMWC include implementing the Board’s approved framework, policies and procedures on risk management and internal controls and oversight of Kawan’s risk.</p> <p>Details of the Group’s risk management and internal control system which provides an overview of the risk management and internal controls within the Group are disclosed in the Statement on Risk Management and Internal Control on page 67 to 74 of the Annual Report.</p>
<b>Explanation for departure</b>	:	  

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for reviewing the Group's risk management system. The Board delegated its role to the AC to monitor the Group's risk management and oversees the effectiveness of the processes.</p> <p>The Board has established a structured risk management framework as an approach for continuous identification, assessment, treatment, monitoring and review of risks. The AC monitors the processes, reviews the risk register and reports summaries of key matters discussed at the AC meetings to the Board every quarter. The Internal Risk Management Working Committee meets quarterly to review the register which sets out the nature, risk levels, treatment and control of the material risks faced by each department and the Group as a whole. The risks are prioritised in accordance with the risks level (in terms of likelihood and impact based on the risk management policy). The risk officer will present the top 10 key risks of the Group to the AC at its quarterly meetings. Further details of the risks are provided in the Statement of Risk Management and Internal Control.</p> <p>Key features of its risk management framework and internal control framework are disclosed in the Statement of Risk Management and Internal Control of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is outsourced to a professional service firm, Axcelasia Columbus Sdn Bhd which reports directly to the AC. The internal audit function undertakes independent assessment on the internal control system of the Group based on the audit plan 2019 as approved by the AC and provides assurance to the AC on the adequacy and effectiveness of the Group's internal control system.</p> <p>The AC reviews the following and report the same to the Board:</p> <ul style="list-style-type: none"><li>a. the adequacy of the scope, competency and resources of the internal audit function and that it has necessary authority to carry out its work; and</li><li>b. the internal audit plan, processes, the results of internal audit assessments and investigations undertaken and that appropriate actions are taken on the recommendation.</li></ul> <p>The AC had conducted an annual assessment on internal audit function to ensure that internal audit function is effective and function independently.</p> <p>The AC Report provides detailed explanation on internal audit function.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced internal audit, Axcelasia Columbus Sdn Bhd which reports directly to the AC. The internal audit was headed by Mr Mah Siew Hoong, the Engagement Partner. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He is also a Certified Internal Auditor (USA) and holds a Certification in Risk Management Assurance (USA). He has vast professional experience in internal audit, risk management and corporate governance advisory.</p> <p>The internal audit for the financial year were conducted by 4 to 5 staff. The staff who performed the internal audit reviews have professional qualifications and/or university degree. Most of them are members of the Institute of Internal Auditors Malaysia. They are free from any relationships or conflict of interest, which could impair their objectivity and independence.</p> <p>The internal auditors perform independent audits using a risk based approach and were guided by the International Professional Practice Framework.</p> <p>Please refer to AC Report for detailed disclosure on internal audit function.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the importance of maintaining good relationship with its shareholders through various means. The Company has in place good corporate disclosure policies and communication channels to ensure timely and accurate dissemination of information to its shareholders and stakeholders. Announcements regarding major corporate developments and activities of the Company are duly and promptly made to all shareholders to be in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.</p> <p>The Company via its website provides relevant information such as board charter, company's constitution, terms of reference of Board Committee and annual reports. A summary of key matters discussed at the annual general meeting is made available in the website.</p> <p>The Annual General Meeting ("AGM") is the principle forum for dialogue with shareholders. AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and raise concerns, enquiries and comments on the Company's operations. and provide insights on the company's business activities and financial position. An overview on the Company's performance and major activities during the financial year under review was presented by the MD during the AGM.</p> <p>Mr Timothy Tan, the MD, and corporate affairs officer conducted engagement sessions with various investors as parts of the Company's investor relations initiatives. The engagement sessions allow stakeholders to better understand the Company's performance, strategy, corporate governance practices and future prospects.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Not applicable as the Company is not a Large Company as defined by the MCCG.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to provide shareholders with sufficient time to go through the Annual Report and papers relating to the proposed resolutions. The additional time would allow the shareholders to consider the proposed resolutions and make informed decision. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The directors including the Chair of Audit Committee, Nominating Committee and Remuneration Committee attended the last AGM.</p> <p>At the last AGM, the MD provided shareholders with a brief review on the Group's financial performance and operations. The Chairman also responded to questions posted by the Shareholders'.</p> <p>Shareholders are invited to ask questions regarding the proposed resolutions and matters relating to the Company's operations in general before voting and meaningful response were given to the questions raised.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the resolutions set out in the Notice of the Fifteenth AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.</p> <p>Currently, the Company is implementing an electronic voting system which encourages and facilitate greater shareholder participation. During the AGM, the shareholders, upon the instruction given by the Chairman, lined up and cast their votes via an electronic screen. Each shareholder would be provided with a wrist board upon registration which would be scanned during the voting process. The scanned code allows the shareholders to access the voting page and register their votes. The process would then be completed and the results would be announced later.</p> <p>Shareholders may appoint Chairman as their proxies if they are unable to attend the meeting.</p> <p>The Board has always given foremost consideration to the location of its general meeting to ensure it is easy to reach or easily accessible by the shareholders. The AGM of the Company has always been held in Klang Valley. The existing registration and e-poll systems are sufficient to encourage shareholders' participation at general meeting last year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

Not Applicable
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