

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9296
COMPANY NAME : RCE CAPITAL BERHAD
FINANCIAL YEAR : March 31, 2021

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors of RCE Capital Berhad (the "Company") has overall responsibility for promoting the sustainable growth and financial soundness of the Company. The Directors are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through the Board's leadership and management of the Group's business.</p> <p>The Directors together as a team, set the values and standards of the Company and ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board also supervises and assesses the performance of the Chief Executive Officer ("CEO") in ensuring that the Group's business is properly managed to safeguard the Group's assets and shareholders' value.</p> <p>To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees namely, Audit Committee, Nomination & Remuneration Committee ("N&R Committee"), Employees' Share Scheme Committee and Sustainability Management Committee to ensure that a good corporate governance framework is in place within the Group.</p> <p>The Board has clearly demarcated the day-to-day operational functions of the Management and the overall responsibilities of the Board through the Board Charter and other governance documents. The Company had in place a Delegation of Authority and Authority Limit ("DAAL") Policy with the objective to establish a sound framework of authority and accountability within the Group, which applies to all employees of RCE Group to uphold the value of good corporate governance, accountability, transparency and integrity. The DAAL Policy governs the operations of the Group within a set limit and the delegation of authority limits to key functional areas within the Group.</p> |

The following paragraphs describe the Board's role in discharging its key fiduciary duties, leadership functions and responsibilities:

- (1) The Board plays an active role in the development of the Company's strategy, and monitoring of its performance and implementation. The annual budget and strategy of the Group were presented to the Board at its Meeting held in June 2020 where the Board deliberated in detail and provided their feedback and guidance.

In November 2020, the Board reviewed the year-to-date results of the budget and strategy including financial performance of the Company. Progress is monitored against the performance targets as approved by the Board.

The Management, led by the CEO is responsible for the day-to-day operations of the Group's business activities. He is supported by a Management Committee team which meets monthly to review and discuss on the Group's operational and financial results. The Board exercised oversight through quarterly review and deliberated on the Group's performance, Management's proposal, as well as challenged the Management's views and assumptions (where necessary) prior to the approval.

- (2) The Board continues to maintain and regularly review the adequacy and effectiveness of the Group's system of internal control and risk management processes to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Company's Risk Management Committee comprising members with risk and business management knowledge and experience, oversees the implementation of risk management policies and strategies that were approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee presents quarterly reports to the Audit Committee which in turn will brief the Board on its findings, if so required.

Key risks deliberated by the Risk Management Committee during the financial year include, amongst others, credit risk management, information technology risks, financial risks including liquidity risks and compliance risks.

- (3) The Board through the N&R Committee is responsible to ensure that there is an orderly succession planning within the Group. The Terms of Reference of the N&R Committee outlines its responsibilities on selection and assessment of Board members and Managing Director/Executive Director/Chief Executive/Deputy Chief Executive.

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| | <p>On-going succession planning and training which are aligned to the organisation’s objectives are put in place to ensure orderly management transition in the Group. The succession plan covers identification of internal and/or external candidates for leadership and management role so that the Board and Management team comprise high calibre people with the necessary and desirable experience and competencies that best meet the Group’s needs. The criteria used to assess potential successors are formulated based on the Company’s business strategies, corporate culture as well as diversity. Adequate resources and time will be provided to the selected employees for development and mentoring.</p> <p>(4) The Board as a whole, together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>In anticipation of a new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) which came into force on 1 June 2020 and the subsequent amendments to the Main Market Listing Requirement (“Listing Requirement”) by Bursa Malaysia Securities Berhad (“Bursa Securities”) to encapsulate anti-corruption measures, the Company had further strengthened its internal processes to ensure that it is equipped with adequate procedures as recommended by the Prime Minister’s Department. These included putting in place a Compliance Framework for Corporate Liability Law and the adoption of an Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and gift declaration form, in order to provide the Company with a measure of assurance and a defence against corporate liability for corruption under Section 17A of the MACC Act. Training was conducted to brief the employees in creating anti-fraud, anti-bribery and anti-corruption awareness and instilling ethical practices. The Group’s business partners are also required to conduct business in the manner set out in the Code of Conduct for Business Partners.</p> <p>The Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and gift declaration form are available on the Company’s website at www.rce.com.my.</p> |
| <p>Explanation for departure :</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure :</p> | |
| <p>Timeframe :</p> | |

Intended Outcome

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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Chairman of the Board is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board.</p> <p>The responsibilities of the Chairman include, amongst others, the following:</p> <ul style="list-style-type: none">(a) to lead the Board and ensure its effectiveness of all aspects of its role;(b) to lead the Board in establishing and monitoring good corporate governance practices in the Company;(c) to ensure the efficient organisation and conduct of the Board's function and meetings and ensure that Board members receive complete and accurate information in a timely manner to facilitate decision-making;(d) to facilitate the effective contribution of all Directors at Board meetings. This includes encouraging active participation by all Directors and allowing dissenting views to be freely expressed;(e) to act as facilitator at Board meetings and to ensure that no Board member, Managing Director/CEO or Management member dominates discussion;(f) to promote constructive and respectful relations between Directors, and between the Board and Management;(g) to provide guidance and mentoring to the Managing Director/CEO;(h) to ensure the process of Board evaluation is conducted; and(i) to ensure effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole. <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter, which is available on the Company's website at www.rce.com.my.</p> |

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| | <p>The finding of the annual Board evaluation conducted for the financial year ended 31 March 2021 affirmed the Chairman’s effective leadership in managing boardroom dynamics by providing an open environment that encouraged participation and active debate amongst Directors and ensuring that there was continued focus on addressing critical matters and issues.</p> | |
| <p>Explanation for departure :</p> | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is chaired by Encik Shahman Azman who is a Non-Independent Non-Executive Chairman while the management of the Company lies with the CEO, Mr. Loh Kam Chuin.</p> <p>The roles of the Chairman and CEO are separated with clear distinction of responsibility between them to ensure that there is a balance of power and authority so that no one has unfettered powers of decision. The division of responsibilities between the Chairman and CEO also ensures sufficient time commitment of the Chairman and CEO to allow effective discharge of their respective duties.</p> <p>The Chairman is responsible for instilling good corporate governance practices and the leadership, effectiveness and conduct of the Board, while the CEO is overall responsible for the day-to-day running and management of the Group's operations and businesses and implementation of Board's policies and decisions. The CEO leads the Management team in carrying out the Company's strategy and meets the Management members regularly to discuss and resolve operational issues.</p> <p>The roles of Chairman and CEO are clearly defined in the Company's Board Charter.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

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.

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| Application : | Applied |
| Explanation on application of the practice : | <p>The Board is supported by suitably qualified Company Secretaries under Section 235 of the Companies Act 2016 ("the Act") who are experienced, competent and knowledgeable. They play an advisory role and are source of information and advice to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group. All Directors have unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and its Board Committees, and adherence to Board policies and procedures at all times.</p> <p>The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures and policies are met. He is accountable to the Board, through the Chairman, on all matters relating to proper functioning of the Board and work closely with the Chairman to manage the flow of information between the Board, its Committees and Management across the Group.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.</p> <p>The Board is satisfied with the performance and support by the Company Secretaries to the Board in discharging its functions.</p> <p>Further details on the role of the Company Secretaries are set out in the Company's Board Charter.</p> |
| Explanation for departure : | |
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| <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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board meetings (including Board Committees' meetings) are planned in advance prior to the commencement of each new calendar year and the schedule is circulated to the Directors well in advance to enable them to plan ahead.</p> <p>Board members are given at least seven (7) days' notice before any Board meeting is held. As a best practice and to allow ample time for Directors to study and evaluate the matters to be discussed and where necessary, to obtain further information and explanations to facilitate informed decision making, full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days in advance of each Board and Board Committees' meeting. Occasionally, the Board and Board Committee meetings may be called at a shorter notice when critical decisions need to be made.</p> <p>Board papers are circulated via paperless platform where the Directors can access the meeting materials from their tablet devices online from any location in a timely and secured manner. This accorded enhanced mobility, document e-storage, cost and time savings and improved convenience in accessing meeting papers.</p> <p>Senior Management members are invited to attend the Board and Board Committees' meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken would also be invited to render their advice and opinion to the Directors. The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company's expense.</p> <p>The deliberations and decisions at Board and Board Committees' meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. The Company Secretary communicates to the Management the matters arising from the Board and Board Committees' meetings via circulation of draft minutes of meetings for appropriate actions to be taken and for updating at the subsequent meeting.</p> |

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| | The minutes of meetings are circulated to all Directors and Board Committees' members for perusal prior to confirmation at the next meetings. The signed minutes are properly filed and kept. | |
| Explanation for departure : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter sets out the role, functions, composition, operation and processes of the Board as well as the matters that the Board may delegate to the Board Committees, all of which operate within their respective defined terms of reference, and the Managing Director/CEO and Management.</p> <p>The Board Charter provides guidance to the Board members and Senior Management in performing their duties and responsibilities based on the key values and principles as committed, to uphold the value of good corporate governance in the Company. It also assists the Board in assessment of its own performance and that of its individual Directors.</p> <p>There is a formal schedule of matters reserved for the Board's consideration and decision which is set out in the Board Charter and these matters are communicated widely throughout the Management. Additionally, the DAAL Policy put in place by the Company clearly delineates the relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the CEO and Senior Management.</p> <p>The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any regulations that may bring an impact in the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.</p> <p>The Board had on 18 August 2020 reviewed and enhanced the Board Charter.</p> <p>The Board Charter is available on the Company's website at www.rce.com.my.</p> |

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| Explanation for departure : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In discharging their duties and responsibilities, the Directors are guided by a high standard of ethical behaviour in accordance with the Directors' Code of Conduct and Ethics.</p> <p>The Directors' Code of Conduct and Ethics provides principles and standards relating to Directors' duties and serves as a guideline for the Board to act in the best interest of the Company, and fulfil their fiduciary obligations to all its stakeholders. It covers, amongst others, the areas of transparency, integrity, responsibility, conflict of interest, anti-corruption/ bribery, confidentiality, insider trading, anti-money laundering, proper use of the Company's assets, and compliance with laws, rules and regulations. The Directors are also required to immediately report any concern about possible/actual breaches of the Directors' Code of Conduct and Ethics by any Director to the Chairman of the Board.</p> <p>In upholding high standards of business, professional and ethical conduct, the Directors also takes cognisance of the requirements under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia.</p> <p>The Company's Code of Conduct and Ethics for the employees of the Group set out in the Company's Employee Handbook prescribes the core values and principles, and ethical standards of conduct expected from the employees which includes provisions on employment practices, conflict of interest, confidentiality and privacy, commitment and diligence. All employees are also guided by a range of supporting internal policies and guidelines that apply to all companies within the Group.</p> <p>The Group continues to be committed in promoting values of integrity and intolerance towards any form of bribery or corrupt practices throughout the organisation. An Anti-Bribery and Corruption Policy was adopted which requires RCE Group's Directors, employees and associated persons to uphold the highest standards of business ethics by not engaging in any form of corruption, bribery, fraud or facilitation payments. They are also prohibited from giving or receiving gifts that will compromise or seen to compromise their ethics, integrity and objectivity in carrying out their duties.</p> |

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| | <p>The Company had also put in place Code of Conduct for business partners to provide fundamental guiding principles to business partners on their conduct of business with the Group. It covers principles on compliance with laws and regulations, anti-corruption/bribes/gifts, conflict of interest, anti-trust and fair competition, confidential information, insider trading, anti-money laundering and counter financing terrorism.</p> <p>The Directors' Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and Code of Conduct for Business Partners are available on the Company's website.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

The 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a whistleblowing policy (“Whistleblowing Policy”) to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct, criminal offences, miscarriage of justice, endangerment of an individual’s health and safety or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The Company’s whistleblowing mechanism is administered by the Internal Audit Function and overseen by the Audit Committee. Any concerns raised will be investigated and the outcome will be reported to the Audit Committee. If a violation is determined at the conclusion of an investigation, effective remedial action commensurate with the severity of the offence will be taken. Necessary steps will also be implemented to prevent similar situation from arising.</p> <p>The Whistleblowing Policy will be reviewed by the Board at least once every 3 years, or in accordance to the need of the Company and any new regulations that may have impact to stakeholders affected by this policy. The Board had in May 2020 reviewed and enhanced the Whistleblowing Policy and the detailed whistleblowing mechanism prescribed in the Whistleblowing Policy had been mapped into a process flowchart.</p> <p>The Internal Audit Function maintains records of the date and content of report they received from different whistleblowing reporting channels and the records are tabled to the Audit Committee on a quarterly basis.</p> <p>Dedicated whistleblowing email address and hotline are available on the Company’s website.</p> |
| Explanation for departure | : | |

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

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| 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 | | | | | | | | | | | | |
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| Explanation on application of the practice | <p>The Board at all times, comprises at least 50% of Independent Directors.</p> <p>During the financial year, one (1) additional Independent Non-Executive Director was appointed to the Board.</p> <p>The current Board composition is as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>No. of Director</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Non-Independent Non-Executive Director</td><td>4</td><td>44</td></tr><tr><td>Independent Non-Executive Director</td><td>5</td><td>56</td></tr><tr><td>Total</td><td>9</td><td>100</td></tr></tbody></table> <p>The significant presence of Independent Directors on the Board which make up more than half of the Board ensures that the interests of minority shareholders, and not only the interest of a particular fraction or group, are taken into account by the Board. They play a crucial role in the exercise of independent assessment, impartial opinion, and objective participation in Board deliberations and the decision-making process and provide for effective check and balance in the functioning of the Board.</p> <p>The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company (other than in situations permitted by the applicable regulations) which could materially interfere with the exercise of their independent judgement. None of the Independent Directors have any equity interest, whether direct or indirect, in the Company.</p> <p>All Independent Directors meet the criteria for independence as prescribed under the Listing Requirements of Bursa Securities and the Company's policy on assessment of Directors' independence. They have also provided the annual declaration/confirmation on their independence to the Company in May 2021.</p> | Designation | No. of Director | Percentage (%) | Non-Independent Non-Executive Director | 4 | 44 | Independent Non-Executive Director | 5 | 56 | Total | 9 | 100 |
| Designation | No. of Director | Percentage (%) | | | | | | | | | | | |
| Non-Independent Non-Executive Director | 4 | 44 | | | | | | | | | | | |
| Independent Non-Executive Director | 5 | 56 | | | | | | | | | | | |
| Total | 9 | 100 | | | | | | | | | | | |

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| | <p>The N&R Committee and the Board have upon their assessment for the financial year under review concluded that all Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board was satisfied with the level of independence demonstrated by all Independent Directors.</p> | |
| <p>Explanation for departure :</p> | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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.

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| Application | : | Not applicable - No independent director(s) serving beyond 9 years | |
| Explanation on application of the practice | : | The N&R Committee assessed the independence of the Independent Directors and monitors their tenure annually. None of the Independent Directors have served the Board for more than nine (9) years as at 31 March 2021. | |
| 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.

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| 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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The N&R Committee assists the Board in ensuring the existence of the right mix of skills, knowledge, experience, expertise, gender, ethnicity, age and other factors that are relevant and contribute to the effective functioning of the Board.</p> <p>As part of the N&R Committee’s oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board’s current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&R Committee will assess the suitability of candidate, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, personal qualities, the potential for the candidate’s skills to augment the existing Board, the candidate’s availability to commit to the Board’s activities, and in the case of candidate proposed for appointment as Independent Director, the candidate’s independence. The N&R Committee is responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merits.</p> <p>The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members.</p> <p>The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges faced by the Company. The Board also believes that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, experience and knowledge in areas identified by the Board should remain a priority and all appointments to the Board should be made on merit so as not to compromise on effectiveness in carrying out the Board’s functions and duties. Hence, the Board is committed to ensuring that its composition not only reflects the diversity as recommended by Malaysian Code on Corporate Governance (“MCCG”) 2017, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company’s goal. Nevertheless, female representation will be considered when vacancies arise and suitable candidates are identified.</p> |

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| | <p>The Group provides fair and equal opportunity in employment and nurturing within the Group regardless of race, nationality, ethnic origin, age, religion, gender, marital status, disability, or any other characteristic unrelated to the performance of the job. The selection of senior management is also based on objective criteria, merit and with due regard for diversity in skills, experience, qualification, age, cultural background and gender.</p> | |
| <p>Explanation for departure :</p> | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |
| | | |

Intended Outcome

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.

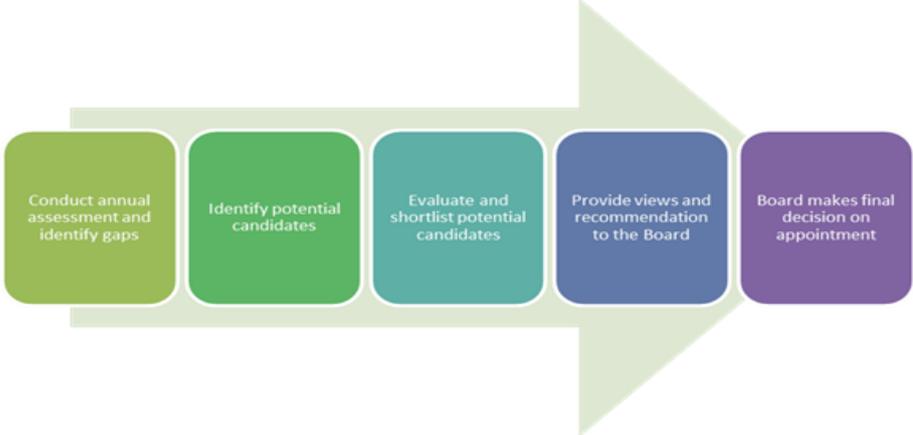
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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of diversity in terms of a broad range of skills and competencies, experience, background and gender to ensure balanced and effective decision making. As encapsulated in the Board Charter, the Board aims to maintain a diversity of experiences, skills and attributes among its members. In addition, the Board intends to pursue gender, age and ethnicity diversity across the Group as a combination of personalities that provides a comprehensive range of perspectives and experiences resulting in improved quality of decision making.</p> <p>The Board shall endeavour to have women representative(s) on the Board. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on objective criteria and merit.</p> <p>The Board has a female Director since year 2000.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.6

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board in identifying candidates for appointment of Directors will ensure that the best quality candidates, taking into consideration their character, knowledge, capabilities, professionalism, integrity, expertise, experience and time commitment are appointed. To this end, the N&R Committee will rely on recommendations and referrals from existing Board members, Management or major shareholders, which form the primary means for sourcing of qualified candidates. These methods have, in the past, yielded noteworthy results in identifying candidates who are of high calibre and have a sound understanding of the Group's businesses. Nevertheless, independent sources will be used to identify a wider pool of potential candidates, as and when required.</p> <p>In summary, the nomination, election and appointment process are as follows:</p>  <pre>graph LR; A[Conduct annual assessment and identify gaps] --> B[Identify potential candidates]; B --> C[Evaluate and shortlist potential candidates]; C --> D[Provide views and recommendation to the Board]; D --> E[Board makes final decision on appointment];</pre> <p>The Board's overriding objective in any new appointment is to select the best candidate with a view of achieving a high performing Board. Such appointment is always based on merit against objective criteria with consideration being given to the intrinsic capabilities of the individual. In this regard, the Board had on 1 October 2020 appointed Tan Sri Mazlan bin Mansor as Independent Non-Executive Director. All identified candidates are objectively evaluated by the N&R Committee before recommending to the Board for approval.</p> |

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

Intended Outcome

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

Practice 4.7

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The N&R Committee is chaired by Datuk Mohamed Azmi bin Mahmood, an Independent Director.</p> <p>The specific responsibilities of the Chairman of the N&R Committee are set out in its Terms of Reference, which is available on the Company's website.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.1

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

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board, through its N&R Committee reviews annually, the effectiveness of the Board as a whole and Board Committees as well as the performance of individual Directors and CEO.</p> <p>The N&R Committee conducted an internal Board evaluation for the financial year ended 31 March 2021. The evaluation involved the Committee members completing evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The evaluation questionnaires will be enhanced from time to time to be in line with the current needs of the Company and any changes in regulations. During the financial year, the evaluation questionnaires were re-designed to be completed via online portal to improve efficiency of the evaluation process. In this regard, evaluation questionnaires are sent to the N&R Committee members and Independent Directors via secured and confidential online portal for their completion and at the same time to obtain their feedback, views and suggestions to improve the performance of the Board and Board Committees.</p> <p>The parameters used in the assessment are as follows:</p> <ul style="list-style-type: none">• Board as a whole - Board mix and balance, composition, compliance and governance, accountability and responsibility, conduct at meeting, business knowledge, communication and value added contribution, quality of information and decision making, performance management, Board dynamics and relationships;• Board Committees - terms of reference, attendance of members at the meetings, knowledge, skills and competencies, communications with the Board as well as contribution of each Audit Committee's member to the effectiveness of the Audit Committee;• Individual Directors (involves peer-to-peer assessment) and CEO - knowledge and experience, integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication and commitment. Independent Directors (involves self-assessment) are further measured on his ability to exercise independent judgement and ability to demonstrate the criteria associated with independence. |

| | | |
|---|--|--|
| | <p>The results of assessment were summarised and discussed at N&R Committee meeting which will then be reported to the Board for discussion on areas for improvement and identification of actions for improvement. This would also assist the Board in identifying the training needs of Directors. All assessments and evaluations carried out are properly documented.</p> <p>Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole was effective and was of the right size, mix of skills, expertise and diversity. The Board composition was also well balanced and its Committees have been effective in discharging their duties and responsibilities in accordance with their terms of reference and that each of the Directors as well as the CEO possess the required competence and character to manage the Group's affairs and created value for the organisation and its stakeholders.</p> <p>The Independent Directors continued to demonstrate conduct and behaviour that were essential indicators of independence and that each of them was independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>The Board is satisfied that the current Board size and composition remains appropriate, taking into account the mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations.</p> <p>As the feedback of all areas under evaluation for the Board and its Committees were generally satisfactory, no apparent shortcoming had been identified.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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

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

Practice 6.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.</p> <p>Further details are explained in the Corporate Governance Overview Statement on page 56 of the Annual Report 2021.</p> <p>The Remuneration Policy for Directors and CEO is available on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 6.2

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

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has a combined N&R Committee comprising three (3) Non-Executive Directors, two (2) of whom are Independent Directors.</p> <p>The role of the N&R Committee in respect of the matters relating to remuneration is to assist the Board in reviewing the remuneration framework of Directors and CEO, with the aim to attract, retain and motivate Directors and CEO who will create sustainable value and returns for the Company's stakeholders.</p> <p>A summary of the N&R Committee's activities during the financial year is reported in the Corporate Governance Overview Statement on pages 49 to 50 of the Annual Report 2021.</p> <p>The duties and responsibilities of the N&R Committee in relation to remuneration policy are stated in its Terms of Reference which is available on the Company's website.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 7.1

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

| Application | : | Applied | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------|--|----------------------------|-----------------------|---------------|--|--|----------|--|--|--|------------|-----------|-----------------------|----------------------------|-----------------------|---------------|--------|---|---|---|---------------|---|--------|-------|---|---|---------------|--------------------------------|--------|--------|---|-------|---------------|-------------|--------|-------|---|---|---------------|---------------------|--------|--------|---|-----|---------------|---------------|--------|--------|---|-------|---------------|-------------|--------|---|---|---|---------------|---------------|--------|---|---|---|---------------|--------------|--------|--|--|--|---------------|
| Explanation on application of the practice | : | <p>The remuneration received and receivable by the Directors for the financial year ended 31 March 2021 is set out in the tables below:</p> <p><u>Company</u></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Category</th> <th rowspan="2">Total (RM)</th> </tr> <tr> <th>Fees (RM)</th> <th>Other Emoluments (RM)</th> <th>Defined Contributions (RM)</th> <th>Benefits-in-kind (RM)</th> </tr> </thead> <tbody> <tr> <td>Shahman Azman</td> <td>75,000</td> <td>-</td> <td>-</td> <td>-</td> <td>75,000</td> </tr> <tr> <td>Tan Sri Mazlan bin Mansor (Appointed on 1 October 2020)</td> <td>37,500</td> <td>4,000</td> <td>-</td> <td>-</td> <td>41,500</td> </tr> <tr> <td>Datuk Mohamed Azmi bin Mahmood</td> <td>75,000</td> <td>12,000</td> <td>-</td> <td>1,308</td> <td>88,308</td> </tr> <tr> <td>Tan Bun Poo</td> <td>75,000</td> <td>8,000</td> <td>-</td> <td>-</td> <td>83,000</td> </tr> <tr> <td>Mahadzir bin Azizan</td> <td>75,000</td> <td>10,000</td> <td>-</td> <td>725</td> <td>85,725</td> </tr> <tr> <td>Thein Kim Mon</td> <td>75,000</td> <td>12,000</td> <td>-</td> <td>1,187</td> <td>88,187</td> </tr> <tr> <td>Soo Kim Wai</td> <td>75,000</td> <td>-</td> <td>-</td> <td>-</td> <td>75,000</td> </tr> <tr> <td>Shalina Azman</td> <td>75,000</td> <td>-</td> <td>-</td> <td>-</td> <td>75,000</td> </tr> <tr> <td>Lum Sing Fai</td> <td>75,000</td> <td></td> <td></td> <td></td> <td>75,000</td> </tr> </tbody> </table> | | | | | | Category | | | | Total (RM) | Fees (RM) | Other Emoluments (RM) | Defined Contributions (RM) | Benefits-in-kind (RM) | Shahman Azman | 75,000 | - | - | - | 75,000 | Tan Sri Mazlan bin Mansor (Appointed on 1 October 2020) | 37,500 | 4,000 | - | - | 41,500 | Datuk Mohamed Azmi bin Mahmood | 75,000 | 12,000 | - | 1,308 | 88,308 | Tan Bun Poo | 75,000 | 8,000 | - | - | 83,000 | Mahadzir bin Azizan | 75,000 | 10,000 | - | 725 | 85,725 | Thein Kim Mon | 75,000 | 12,000 | - | 1,187 | 88,187 | Soo Kim Wai | 75,000 | - | - | - | 75,000 | Shalina Azman | 75,000 | - | - | - | 75,000 | Lum Sing Fai | 75,000 | | | | 75,000 |
| | Category | | | | Total (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fees (RM) | Other Emoluments (RM) | Defined Contributions (RM) | Benefits-in-kind (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shahman Azman | 75,000 | - | - | - | 75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tan Sri Mazlan bin Mansor (Appointed on 1 October 2020) | 37,500 | 4,000 | - | - | 41,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Datuk Mohamed Azmi bin Mahmood | 75,000 | 12,000 | - | 1,308 | 88,308 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tan Bun Poo | 75,000 | 8,000 | - | - | 83,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mahadzir bin Azizan | 75,000 | 10,000 | - | 725 | 85,725 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Thein Kim Mon | 75,000 | 12,000 | - | 1,187 | 88,187 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Soo Kim Wai | 75,000 | - | - | - | 75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shalina Azman | 75,000 | - | - | - | 75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lum Sing Fai | 75,000 | | | | 75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | |
|--|---|--------------------------------------|---|---------------------------------------|-----------------------|----------------|
| | <u>Group Basis</u> | | | | | |
| | Category | | | | | |
| | Fees (RM) | Other Emoluments (RM) | Defined Contributions (RM) | Benefits- in-kind (RM) | Total (RM) | |
| | Shahman Azman | 75,000 | 216,000 | 41,040 | 245,098 | 577,138 |
| | Tan Sri Mazlan bin Mansor (Appointed on 1 October 2020) | 37,500 | 4,000 | - | - | 41,500 |
| | Datuk Mohamed Azmi bin Mahmood | 75,000 | 12,000 | - | 1,308 | 88,308 |
| | Tan Bun Poo | 75,000 | 8,000 | - | - | 83,000 |
| | Mahadzir bin Azizan | 75,000 | 10,000 | - | 725 | 85,725 |
| | Thein Kim Mon | 75,000 | 12,000 | - | 1,187 | 88,187 |
| | Soo Kim Wai | 75,000 | - | - | - | 75,000 |
| | Shalina Azman | 75,000 | - | - | - | 75,000 |
| | Lum Sing Fai | 75,000 | - | - | - | 75,000 |
| Explanation for departure | : | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | |
| Measure | : | | | | | |
| Timeframe | : | | | | | |

Intended Outcome

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

Practice 7.2

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

| | | |
|---|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Group is of the view that the disclosure of remuneration consisting of top 5 senior management on a named basis would not be in the best interest of the Group given the highly competitive conditions in the industry and considering such disclosure may:</p> <ul style="list-style-type: none">• expose the top 5 senior management to personal security risk;• lead or encourage internal comparison and affect the employees' morale;• subject the Company to the risk of attrition and poaching by other competitors leading to potential increase in employee remuneration packages; and• lead to increased cost to the Group. |
| | | <p><u>Alternative Practice</u></p> <p>As an alternative to the recommended practice, the Board has resolved to disclose the aggregate remuneration package paid to the senior management which amounted to RM6,297,313 for the financial year ended 31 March 2021.</p> <p>The senior management includes those charged with group functions as well as those leading a business unit. As at 31 March 2021, they consisted of 8 personnel. The remuneration is a combination of fixed and variable elements including salary, defined contributions, bonus, allowances and benefits-in-kind. Factors that are considered in determining their remuneration include:</p> <ul style="list-style-type: none">(a) Group and/or unit performance (both qualitative and quantitative);(b) Scope of duty and responsibilities;(c) Skills and experience;(d) Individual's performance (both qualitative and quantitative);(e) General economic situation and operating environment;(f) Future prospect of the business;(g) Sustainability related key performance indicators; and(h) Prevailing market practices. |

| | | |
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| | <p>This has been consistently practised by the Group from the previous financial years. The Group is committed to retaining the right people with the required skills, experience, professionalism and integrity to enhance the Group's long term shareholders and stakeholders' value.</p> <p>The Board believes that such disclosure is able to provide stakeholders a fair view of the remuneration paid as it is linked to the Group's performance.</p> <p>The Board also assures that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market and commensurate with the overall performance of the Group.</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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

Practice 7.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>With the appointment of Tan Sri Mazlan bin Mansor as a member of the Audit Committee on 1 October 2020, the Audit Committee now comprises six (6) Non-Executive Directors, five (5) of whom are Independent Directors, which is in compliance with the Listing Requirements of Bursa Securities.</p> <p>The Audit Committee is chaired by Mr. Thein Kim Mon, an Independent Director who is not the Chairman of the Board.</p> <p>This practice has always been adopted by the Company and is reflected in the Terms of Reference of the Audit Committee.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>None of the members of the Audit Committee are former audit partner of the Company's external auditors.</p> <p>The Terms of Reference of the Audit Committee stipulates that <i>"no former audit partner of the Company's external auditors shall be appointed to the Audit Committee unless he/she has observed a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee"</i>.</p> <p>In light of the enhanced Practice 9.2 introduced by the revised MCGG in April 2021, the Terms of Reference of the Audit Committee will be revised accordingly to ensure consistency with the new practice.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board, through the Audit Committee maintains a transparent and professional relationship with the external auditors. The Audit Committee conducts yearly assessment on the suitability and independence of the external auditors.</p> <p>The assessment process involved obtaining feedback from the Audit Committee and finance personnel who regularly interacts with the external auditors through the completion of a detailed questionnaire covering the criteria as set out below:</p> <p><u>Suitability Assessment</u></p> <ul style="list-style-type: none">• The engagement partner's qualification, knowledge and experience;• The level of engagement, communication and interaction with the Audit Committee and whether the external auditors have provided independent views in the discussions with the Audit Committee;• Level of knowledge, skills, capabilities, experience, competency and quality of works;• Level of understanding of the nature of business of the Company and the industry in which the Company operates;• Ability to update/advise the Audit Committee on significant issues concerning the Group, new developments (including the applicability of new and significant accounting standards) and the impacts on the Group;• Ability to identify risks/potential issues and provide constructive recommendations, observations and implications in areas requiring improvements particularly with regard to the internal control system relating to financial reporting of the Group; and• Adequacy of audit scope and conduct of audit, effectiveness in planning and coordinating audit efforts, and use of audit resources. <p><u>Independence Assessment</u></p> <ul style="list-style-type: none">• Whether the provision of non-audit services has impaired the independence and objectivity of the external auditors;• Whether there are indications that the external auditors are significantly dependent on the Company for their fee income; and• Whether the external auditors had demonstrated unbiased stance when interpreting policies and standards adopted by the Company and are able to maintain independence from Management in order to carry out their functions impartially. |

| | | |
|---|--|--|
| | <p>As part of the annual audit exercise, the Company also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. In compliance with the requirements of the Malaysian Institute of Accountants By-Laws, the external auditors shall rotate their audit partners assigned to the Group every seven (7) years, in order to ensure objectivity, independence and integrity of the audit opinions.</p> <p>The Company had in January 2021 adopted the Policy on Provision of Non-Audit Services by External Auditors for the purpose of regulating the engagement of the Group’s external auditors to provide non-audit services to the Group.</p> <p>The Board through the Audit Committee has considered the nature of the non-audit services rendered by the external auditors and their affiliated companies during the financial year under review and has determined that the provision of such services did not compromise the external auditors’ independence and objectivity. Details of fees paid for non-audit services are set out on pages 60 to 61 of the Annual Report 2021. The Audit Committee was also satisfied that the external auditors had the relevant qualifications in performing their duties and were able to remain independent and objective.</p> <p>Based on the outcome of the annual assessment and having satisfied with the suitability and independence of Deloitte PLT, the quality and competency of services delivered and sufficiency of the professional staff assigned to the annual audit for the financial year under review, the Board had in May 2021 approved its Audit Committee’s recommendation on the re-appointment of Deloitte PLT for shareholders’ approval at the forthcoming Annual General Meeting (“AGM”).</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board conducts annual evaluation to review the composition, term of office and performance of the Audit Committee and each of its members in accordance with Paragraph 15.20 of the Listing Requirements of Bursa Securities.</p> <p>The Chairman and members of the Audit Committee are financially literate. Their qualifications and experience are disclosed in the Profile of Directors in the Annual Report 2021.</p> <p>A summary of the Audit Committee's activities during the financial year is set out in the Audit Committee Report on pages 66 to 69 of the Annual Report 2021.</p> <p>Based on the outcome of the evaluation carried out by the N&R Committee on the performance of the Audit Committee and each of its members for the financial year under review, the Board is satisfied that the Audit Committee had carried out its duties and responsibilities effectively as per its Terms of Reference and the Audit Committee as a whole and each member of the Audit Committee possess the necessary knowledge, experience, expertise and skills which have added value and contributed to the overall effectiveness of the Audit Committee.</p> <p>All Audit Committee members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>To keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules, the Audit Committee members have attended various trainings during the financial year which have been disclosed in the Corporate Governance Overview Statement on pages 52 to 54 of the Annual Report 2021. In addition, the Audit Committee is also regularly briefed by the external auditor on key changes in relation to accounting and financial reporting standards.</p> |

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| Explanation for departure : | | |
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| <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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board has established an effective risk management and internal control framework.</p> <p>A Risk Management Committee comprising members of senior management monitors the risks faced by the Group and the Risk Management Committee reports to the Audit Committee. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's risk management framework.</p> <p>The duties and responsibilities of Risk Management Committee are clearly stated in its Terms of Reference, which amongst others, include:</p> <ul style="list-style-type: none">(a) to establish risk management framework, implement, monitor and review its effectiveness;(b) to review and approve all significant business transactions;(c) to review and escalate to the Board with Risk Management Committees' recommendation for Board's approval on transactions;(d) to review and deliberate reports on non-compliance findings, business continuity testing results and recommendations by Compliance, Operations and Method Department or any consultants or advisors appointed from time to time;(e) to benchmark compliance and business continuity practices against applicable regulations, guidance or directives issued by government bodies;(f) to review and keep updated with emerging threats, including technology and cyber risk and resilience impact assessment; and(g) to conduct investigation on any matters as authorised by the Audit Committee or the Board. <p>Significant business transactions are clearly defined in the Risk Management Policy to represent the base risk tolerance.</p> <p>A two pronged risk management approach is adopted where:</p> <ul style="list-style-type: none">(a) key risks including environment, social and governance risks are identified and evaluated together with mitigating controls as part of the decision making process for each significant business transaction by line managers; and |

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| | <p>(b) day-to-day operational risk management by line managers entails:</p> <ul style="list-style-type: none"> • identification of risks; • implementation of mitigating controls; and • self-assessment to determine changes in risks and internal controls effectiveness. <p>A Risk Management Policy is in place that applies to the entire Group.</p> <p>The Risk Management Policy and the Terms of Reference of the Risk Management Committee were revised and adopted in February 2021 to be congruent with the DAAL Policy to reflect the current needs and to provide better clarity. The Risk Management Policy and the Terms of Reference of Risk Management Committee shall be reviewed at least once every three (3) years.</p> | |
| <p>Explanation for departure :</p> | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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.

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| Application | : Applied |
| Explanation on application of the practice | <p>Risk papers are prepared by line managers and reviewed by Management to document the identification and assessment of risks made in regards to significant business transactions and deliberated by the Risk Management Committee and reviewed by the Audit Committee.</p> <p>Besides identifying and evaluating risks, line managers also design, operate and monitor suitable internal controls to mitigate and control the risks requiring risk management actions. These are documented in the risk profile (risk register) and reviewed by Management.</p> <p>Risk profile and corresponding controls are self-assessed by line managers and reviewed by Management to determine that the risk profile continues to be relevant and that the controls are practiced and effective in mitigating and controlling the risks.</p> <p>Results of self-assessment are deliberated by the Risk Management Committee and reviewed by the Audit Committee.</p> <p>During the financial year, key risks reviewed by the Group include:</p> <ul style="list-style-type: none">(a) credit risk management;(b) information technology risks;(c) financial risks including liquidity risks; and(d) compliance risks including Malaysian Anti-Corruption Commission (Amendment) Act 2018 focusing on TRUST principle. <p>The mitigating controls employed by the Group include:</p> <ul style="list-style-type: none">(a) frequent portfolio review, enhancement of control over approval limits, enhancement of recovery processes;(b) identification of areas for deploying information technology to improve workflow and monitor project implementation, engagement of third party experts for independent assessment;(c) active cashflow and debt management including improving funding; and(d) regular compliance review, training of employees, implementation of enhanced policies and procedures. |

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| | <p>The Risk Management Committee has adopted Committee of Sponsoring Organisation (“COSO”) Enterprise Risk Management Framework - Integrating with Strategy and Performance as a guideline in managing risk throughout the Group. The Risk Management Committee will conduct a review of the Group’s risk management policy once every three (3) years.</p> <p>The results of the self-assessment are reviewed by the Internal Auditors. It then leads to a programme of work for Internal Audit to be completed in conjunction with the audit planning process. As they review each area of the Company's operations, Internal Audit will assess the level of control demonstrated prior to forming an opinion as to how effectively each of the key corporate business risk is managed. This is then reported to the Audit Committee.</p> | |
| Explanation for departure : | | |
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| <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.

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| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 10.1

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Company engages the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The Internal Audit Function (“IAF”) is independent of the operations of the Group and reports directly to the Audit Committee to ensure independence. It also provides reasonable assurance that the Group’s system of internal control and risk management is satisfactory and operating effectively.</p> <p>The IAF conducts independent internal audit reviews based on an agreed plan, including review of related party transactions, and all internal control deficiencies identified are reported to the appropriate levels of Management for timely corrective actions. The internal audit reports are presented to the Audit Committee for review and deliberation on a quarterly basis. The Audit Committee is briefed on the audit findings, management responses to the findings and the recommended corrective measures as well as the status of previous audit findings.</p> <p>Annually, the Audit Committee conducts a review of the IAF in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.</p> <p>To ensure that the responsibilities of IAF are fully discharged, the Audit Committee:</p> <ul style="list-style-type: none">(a) reviews and approves the Internal Audit Charter;(b) reviews the resources of the IAF and approves the appointment of the Corporate Auditors;(c) reviews and approves the risk based Annual Audit Plan that defines the scope of work and budget of the IAF;(d) reviews the report on quality assurance and improvement program implemented for IAF; and(e) conducts performance appraisal on the IAF in line with Paragraph 15.12 of the Listing Requirements on functions of Audit Committee. <p>Through these activities, the Audit Committee is satisfied that the IAF is effective in terms of adequacy of scope, functions, competency, resources and authority to carry out its works and able to function independently. The Audit Committee is also on the view that the purpose, authority and responsibility as defined in the Internal Audit Charter remained to be adequate for the IAF to accomplish its objectives.</p> |

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| | <p>Throughout the financial year, the Internal Audit personnel also kept themselves abreast of developments in the profession and industry through attendance at trainings aimed at equipping them with relevant skills appropriate to their respective levels. The experience and qualification of the Internal Audit personnel and trainings attended by them during the calendar year 2020 were tabled at the Audit Committee meeting held on 9 February 2021 to facilitate the Audit Committee in conducting performance appraisal on the IAF.</p> <p>The activities of the IAF during the financial year are set out in the Audit Committee Report on pages 69 to 70 of the Annual Report 2021.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Audit Committee is satisfied that the IAF had maintained their independence and objectivity. Internal Audit personnel are free from any relationships or conflicts of interest. The IAF is appropriately positioned to be free from Management intervention and reports directly to the Audit Committee.</p> <p>In accordance with the Principle 3 of Guidance for an Effective Internal Audit Function and the Internal Audit Charter, the Head of Audit, in February 2021, confirmed to the Audit Committee that there was individual objectivity and organisational independence and there was no interference in determining the scope of internal auditing, performing work, and communicating results.</p> <p>The Group has engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The IAF is headed by Ms. Chia Meng Yee since year 2001. She is a member of The Malaysian Institute of Certified Public Accountants (MICPA).</p> <p>Head of Internal Audit is supported by a pool of seven (7) to nine (9) audit executives. The IAF is guided by the International Professional Practices Framework (“IPPF”), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.</p> <p>As guided by IPPF, the IAF had implemented a Quality Assurance and Improvement Program and performed a self-assessment on the internal audit activity’s conformance with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics, and the self-assessment results had been presented to the Audit Committee in February 2021.</p> <p>Full conformance to the IPPF is pending external assessments that must be conducted, at least once every five years, by a qualified, independent assessor or assessment team from outside the organisation.</p> |

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| Explanation for departure : | | |
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| <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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board acknowledges the importance of timely dissemination of material information to the shareholders, investors and public at large. As such, the Board is committed to providing all stakeholders with accurate, useful and timely information about the Company, its businesses and its activities in conformity with the disclosure requirements.</p> <p><u>Corporate Disclosure Policies</u></p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>Apart from adhering to and complying with the disclosure requirements of the Listing Requirements, the Board also observes the Corporate Disclosure Guide issued by Bursa Securities which can be viewed from the website of Bursa Securities at www.bursamalaysia.com.</p> <p>The Board is entrusted to review and approve the relevant financial results and other important announcements to ensure full compliance with regulatory authorities' disclosure requirements. The financial statements and material and price-sensitive information are disseminated and publicly released on a timely basis to ensure effective dissemination of information relating to the Group.</p> <p><u>Effective Dissemination of Information</u></p> <p>The Company maintains a corporate website at www.rce.com.my which serves as a key communication channel for the Company to reach its shareholders and general public. The Company's website provides detailed information on the Group's businesses, commitments and latest developments. Corporate and financial information of the Group, press releases, as well as the Company's Annual Reports, circulars to shareholders and announcements released to Bursa Securities are also made available to the public through the Company's website. Public could request for information or raise queries through the Company's website via online IR enquiry form, by email or phone. The contact details for investor relation matters are provided on the Company's website. The</p> |

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| | <p>website also has an e-mail alert service where shareholders and anyone who are interested may register to receive an email whenever there is new information of the Company (i.e. announcements, updates) posted to the Company’s website.</p> <p><u>Effective Communication and Proactive Engagement</u></p> <p>The Board also encourages and values dialogues with its investors and other stakeholders as it believes that an effective investor relationship enhances value for its stakeholders. Throughout the financial year and various phases of movement control order (“MCO”), the investor relations team conducted briefings to analysts and fund managers via video communications and other online tools on a regular basis to ensure the Group’s aspirations, latest operational and financial developments are communicated in a timely manner.</p> <p>General Meetings are the primary platforms for two-way interaction between the shareholders and Board/Management of the Company. Shareholders are always encouraged to participate actively in the meetings.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Company is not a Large Company as defined by MCGG. | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company issues the notice of its AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to review the Company’s financial and operational performance and to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys.</p> <p>The AGM notice includes details of the resolutions proposed along with relevant explanatory note to enable shareholders to make informed decisions in exercising their voting rights. The notice is also published via nationally circulated newspaper as required under Listing Requirements and is made available on the Company’s website.</p> <p>The Company held its 66th AGM on 22 September 2020 with the notice of AGM and Annual Report 2020 issued on 24 August 2020 (this being 28 days prior to the meeting).</p> <p>The 66th AGM was conducted on a fully virtual basis and the Administrative Guide for the virtual AGM which provided useful information to shareholders regarding the details on remote participation, voting procedures, appointment of proxy and submission of questions before and/or during the live streaming of meeting was also issued and made available on the Company’s website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>To ensure effective participation of and engagement with shareholders at the virtual 66th AGM held on 22 September 2020, all members of the Board participated in the meeting to respond to the questions raised by the shareholders and proxies, where two (2) Directors were present at the broadcast venue while the other six (6) Directors joined remotely via video conferencing so as to limit the number of individuals at the broadcast venue in accordance with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.</p> <p>Apart from Directors, Senior Management, the representative from AmInvestment Bank Berhad, the adviser appointed for the proposed establishment of the new Employees' Share Scheme, and External Auditors also participated in the said AGM. The Board together with the CEO, Group Chief Financial Officer and Senior Management addressed various questions from the shareholders and proxies sent via the real time submission of typed texts through a text box before the start or during the live streaming of the meeting. The Company also shared its responses to the questions raised by Minority Shareholders Watch Group and shareholders prior to the AGM which were briefed by the CEO.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 12.3

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has been leveraging on technology to facilitate electronic poll voting since its AGM held in 2016.</p> <p>In view of the COVID-19 pandemic and having regard for the well-being and safety of our shareholders, the Company's 66th AGM was conducted fully virtual and live-streamed from the broadcast venue by leveraging technology in accordance with the Company's Constitution and Companies Act 2016. The Remote Participation and Voting ("RPV") facilities provided by our Poll Administrator, SS E Solutions Sdn. Bhd. through Securities Services e-Portal at https://sshsb.net.my/ allowed shareholders to participate, pose questions (via real time submission of typed texts) and vote remotely without physically attending the meeting. The conduct of this virtual AGM was in compliance with the Company's Constitution, Companies Act 2016, and Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.</p> <p>Given the on-going concerns surrounding the increasing spread of COVID-19 and as part of the Company's safety measures and controls for the well-being and safety of our shareholders, the Company will continue to hold its 67th AGM on a fully virtual basis.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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**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.