

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5622  
**COMPANY NAME** : PIMPINAN EHSAN BERHAD  
**FINANCIAL YEAR** : December 31, 2019

### **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Group's strategies, policies and performance. The Board sets the strategies direction ensuring that the necessary resources are in place for the Company to meets its objectives and review management performance. It is the Board's responsibilities to ensure that the Company's strategies are aligned to the interests of our shareholders and other stakeholders.</p> <p>The Board provides leadership within a framework of prudent and effective controls which enable risk to be appropriately assessed and managed. The Board sets the Company's values and standards and believes that effective corporate governance is based on honesty, integrity and transparency. The Board Charter, including the Terms of Reference of the Board Committees are made available on the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a>.</p> <p>The Board of Directors of Pimpinan Ehsan Berhad has yet to identify any suitable businesses/assets and is now taking necessary steps to identify and acquire new businesses/assets in order to regularise the condition of the Company. Any progress in this regard shall be announced to Bursa Malaysia Securities Berhad in due course.</p>

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Rozali Bin Ismail is the Executive Chairman of the Board who was appointed on 30 March 2018. The Chairman has good leadership skills and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. He actively seeks the opinion of the Board members when appropriate during the Board Meetings to ensure that the Board's decisions taken are in the best interest of the Company.</p> <p>The roles of the Executive Chairman are set out in Paragraph 10.0 of the Board Charter and is made available on the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the Executive Director are held by different individual.</p> <p>Tan Sri Rozali Bin Ismail is the Executive Chairman and responsible for leadership, effectiveness and governance of the Board.</p> <p>Hajah Shamshiah Binti Hashim @ Abu Bakar is the Executive Director and responsible for day-to-day management of the business and implementation of the Board's policies and decisions.</p> <p>The roles of the Executive Chairman are set out in Paragraph 10.0 of the Board Charter whereas the roles of the Executive Director are set out in Paragraph 11.0 of the Board Charter. The Board Charter is posted at the Corporate Governance link at the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company had outsourced two (2) qualified and competent Company Secretaries, Ms Wong Wai Foong and Ms Tan Bee Hwee, where both of them are from Tricor Corporate Services Sdn. Bhd. They both are fellow members of MAICSA and each of them has more than 20 years of experience as Company Secretaries.</p> <p>The Company Secretaries performed the following tasks during the financial year ended 31 December 2019 ("FY2019"):</p> <ul style="list-style-type: none"><li>a) Provided support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standards of corporate governance of the Group;</li><li>b) Advised the Board, particularly with regards to the Company's Constitution, Board's policies and procedures as well as updated the Board on compliance with regulatory requirements, codes, guidelines, legislations from time to time;</li><li>c) Monitored corporate governance developments and assisted the Board in adhering to the principles and practices of best corporate governance practices to meet the Board's needs and stakeholders' expectations; and</li><li>d) Attended the meetings of Board and Board Committees to ensure that deliberations and decisions at the meetings are accurately minuted, including whether any Director abstained from voting or deliberating on a matter and kept in the minutes books and subsequently communicated to the relevant parties for necessary actions.</li></ul> <p>The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised</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 1.4**

	regulatory requirements as well as corporate governance best practice.  The roles and responsibilities of the Company Secretaries are set out in Paragraph 17.0 of the Board Charter, which is available at the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a> .	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• In order to allow Directors to have sufficient time to review the Board and/or Board Committees Papers for effective discussions and decision making during the meetings, the Board and/or Board Committees Papers were circulated to all Directors and/or Board Committee Members in advance before the day of meeting. Exceptions may be made for certain ad hoc or urgent instances after obtaining the Directors' unanimously consent to short notice.</li><li>• The Board and/or Board Committees Papers comprise objective, background of the subject matter, issues, risks, recommendation and other relevant information for the Board and/or Board Committees to make an informed decision.</li><li>• The Board and/or Board Committees Papers also consist of minutes of the previous Board and/or Board Committees meeting, updates on the business activity, summary of Directors' dealings, Bursa announcements and written resolutions passed by the Directors since the last Board meeting.</li><li>• All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.</li><li>• The minutes of meetings of Board and Board Committees are circulated to all Directors. The minutes of meetings recorded the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues. The Directors, either as a group or individually, may upon obtaining prior Board's approval seek independent advice, where necessary, at the Company's expenses on any matters</li></ul>

	in relation to the discharge of their duties.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the respective authority and responsibilities of the Board, Board Committees and Directors and those matters expressly reserved to the Board and those delegated to Board Committees and Executive Management.</p> <p>The Board will review the Board Charter periodically and make necessary amendments to ensure that they remain relevant and consistent with the Board's objective, current law and best practices to enable the Board to discharge its responsibilities.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 behavior and practice in the company.

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All the Group's relationships are underpinned by high ethical standards, as expressed in the Company's Directors Code of Conduct and Employees Code of Conducts and Ethics, which set acceptable practices and guide the behaviour of Directors, management and employees. The Directors Code of Conduct and Employees Code of Conducts and Ethics can be found on the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b> :	Departure	
<b>Explanation on application of the practice</b> :		
<b>Explanation for departure</b> :	Through the Directors’ Code of Conduct and Employees’ Code of Conduct and Ethics and the Human Resources Handbook, the Board sets the tone for proper ethical behaviour expected of the Board members and the employees.	
	However, the Board will consider the relevant initiatives with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.	
	The Board will consider and formulating policies and procedures on whistleblowing.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently comprises six (6) Directors whereby four (4) are Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - No Independent Director(s) serving beyond 9 years.	
<b>Explanation on application of the practice</b>	:	Currently, none of the Independent Non-Executive Directors of the Company have exceeded the cumulative terms of nine (9) years. Should the Board intend to retain any of its Independent Directors beyond nine (9) years or twelve (12) years, it would provide justification and seek annual shareholders' approval.	
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Applicable
<b>Explanation on adoption of the practice</b>	:	Currently, none of the Independent Non-Executive Directors of the Company have exceeded the cumulative terms of nine (9) years.

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. Having a range of diversity dimensions, it brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nominating Committee (“NC”) is responsible for leading the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nominating Committee is detailed in its Terms of Reference, which is accessible for reference on the Company’s website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a>.</p> <p>All appointments will be based on merit, and candidates will be considered against an objective criterion. The NC and the Board do not set any target on gender, ethnicity or age diversity but endeavor to include any member who will improve the Board’s overall compositional balance.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board believes that the presence of diverse ethnicities, nationalities and gender mix on the Board can widen the Board's perspective in effectively discharging its duties and responsibilities. In line with the Corporate Governance Blueprint 2011 to ensure women participation on Boards reaches 30% by year 2016, despite not setting any specific target for the Company, the Board will give due consideration towards meeting this target when considering new appointments.</p> <p>The presence of Hajah Shamshiah Binti Hashim @ Abu Bakar as Executive Director who play the vital roles in the Company shows that the Board encourage women's participant in decision making and board composition.</p> <p>The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed in providing fair and equal opportunities and nurturing diversity within the Company.</p> <p>In identifying suitable candidates for appointment to the Board, the NC will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

**Intended Outcome**

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

**Practice 4.5**

Timeframe	:	
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**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company did not utilise independent sources to identify suitably candidate for a Board appointment during FY2019. The Board and the NC comprise a majority of Independent Directors and they are all professionals in their respective fields. As such, they are trusted to be able to select and recommend suitably qualified candidates from among their respective networks for appointments to the Board.	
		In identifying suitable candidate, the NC may consider using the service of external advisor to facilitate the search.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The membership and roles of the NC are set out in its Terms of Reference.</p> <p>The members of the NC shall be appointed by the Board and shall comprise at least three (3) members, all of which shall be Non-Executive Directors, a majority of whom shall be independent directors.</p> <p>The current Chairman of the NC is an Independent Non-Executive Director, who is appointed by the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board’s effectiveness by completing the Form of Evaluation of individual director and Board Effectiveness</p> <p>Following the evaluation, the Board concluded that the Board as a whole and its committees is effective and the Board has the necessary skills, experiences, qualities and integrity to lead the Company and each of the Director including the Independent Directors, in their individual capacities have fulfilled their responsibilities and obligations and have carried out their statutory duties and in accordance with the Board Charter of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board, as a whole, determines the level of remuneration paid to its Directors. The level and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Remuneration Committee has a Terms of Reference which spell out its authority and duties and it is available on the Company's website at <a href="http://www.pebhd.com.my">www.pebhd.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied			
<b>Explanation on application of the practice</b>	:	The detail remuneration of the directors as follows:			
		<b>Directors</b>	<b>Fees/ Salaries and/or other emoluments*</b>	<b>Estimated monetary value of benefits-in-kind</b>	<b>Total</b>
			<b>RM</b>	<b>RM</b>	<b>RM</b>
		<b><u>Executive Directors</u></b>			
		YBhg Tan Sri Rozali Bin Ismail	696,593	10,625	707,218
		Hajah Shamshiah Binti Hashim @ Abu Bakar	590,223	8,750	598,973
		Puan Nur Dayana Binti Tan Sri Rozali	68,724	-	68,724
			<b>1,355,540</b>	<b>19,375</b>	<b>1,374,915</b>
		<b><u>Non-Executive Directors</u></b>			
		Encik Jumsi Bin Batri	52,800	-	52,800
	Haji Ibrahim Bin Topaiwah	55,100	-	55,100	
	Encik Mohammad Emir Bin Taufiq Ahmad @ Ahmad Mustapha	35,300	-	35,300	
	Encik Hariz Shukri Bin Husin	35,600	-	35,600	
		<b>178,800</b>	<b>-</b>	<b>178,800</b>	
		<b>1,534,340</b>	<b>19,375</b>	<b>1,553,715</b>	
<b>Explanation for departure</b>	:				

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

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

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	During FY2019, the Company is still a Cash Company pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad upon completion of the disposal of its principal subsidiary, i.e. TRIpIc Berhad to Puncak Niaga Holdings Berhad. As such, there is no key management in the Company after the disposal and disclosure of former key management's remuneration is not relevant to the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Applicable
<b>Explanation on adoption of the practice</b>	:	Currently, the Company has not appointed any key senior management for the FY2019.

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit and Risk Management Committee ("ARMC") is Haji Ibrahim Bin Topaiwah while the Chairman of the Board is YBhg Tan Sri Rozali Bin Ismail.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the ARMC. As such, there was no need to establish such policy presently. The policy will be established if the need arise in future.</p> <p>The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC is a former key audit partner.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Although the Board has not adopt any policies and procedures to assess the suitability, objectivity and independence of the external auditor, the ARMC and Board has carried out the annual assessment to determine the independence of the External Auditor.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of ARMC are as follows:-</p> <p>Haji Ibrahim Bin Topaiwah (Chairman – Independent Non-Executive Director)</p> <p>Encik Muhammad Emir Bin Taufiq Ahmad @ Ahmad Mustapha (Member – Independent Non-Executive Director)</p> <p>Encik Hariz Shukri Bin Husin (Member – Independent Non-Executive Director)</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 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC assists the Board to review the integrity of the Company's financial statements. The ARMC further review the adequacy and effectiveness of the system of internal controls as well as risk management framework of the Company.</p> <p>All the ARMC members have the relevant financial knowledge and commercial expertise skills required to discharge their roles and responsibilities effectively. The ARMC ensures that the financial reports of the Company comply with applicable financial reporting standards in Malaysia.</p> <p>Members of the ARMC attend trainings, seminars and talks to keep them updated on developments on financial standards.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies 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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its responsibilities over the Company's internal control and risk management framework.</p> <p>Prior to the completion of the disposal of company's principal subsidiary, i.e. TRIpIc Berhad to Puncak Niaga Holdings Berhad, the Board established processes for identifying, evaluating and managing significant risks which may affect the Company's business objectives.</p> <p>The Board through its ARMC regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.</p> <p>The ARMC meets quarterly to review the risks identified and discuss on mitigation lack in place and report to ARMC. Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies 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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for managing the key business risks of the Group and implementing appropriate internal control system to manage those risks. The Board also reviewed the adequacy and effectiveness of the system of internal controls framework and risk management framework.</p> <p>These together with the features of its risk management framework and internal control framework are disclosed in the Statement of Risk Management and Internal Control which is reviewed by the Board and the External Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 9.3 - Step Up**

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

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>Risk Management Committee had been combined with Audit Committee namely Audit and Risk Management Committee on 27 November 2018 and lead by the Independent Directors as follows:</p> <p>Haji Ibrahim Bin Topaiwah (Chairman – Independent Non-Executive Director)</p> <p>Encik Muhammad Emir Bin Taufiq Ahmad @ Ahmad Mustapha (Member – Independent Non-Executive Director)</p> <p>Encik Hariz Shukri Bin Husin (Member – Independent Non-Executive Director)</p> <p>Other than overseeing the Group's audit functions, the three (3) Independent Directors are also overseeing the Risk Management functions of the Company.</p>

### Intended Outcome

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

#### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is supported by an outsourced independent professional service provider, YYC Advisors Sdn. Bhd. (“YYC Advisors”), to assist the ARMC as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Company’s operations.</p> <p>The Company’s internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the ARMC for its review and approval and selected ad-hoc audits on management’s requests.</p> <p>The internal auditor adopted the risk-based approach and focuses on Corporate Affairs and Finance in the Company. The representative of the internal auditor reports directly to the ARMC and assists the ARMC to monitor and manage risks and provide the ARMC with independent views on the effectiveness of the system of internal control after their reviews.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 10.2**

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit (“IA”) function is outsourced to an independent professional firm, YYC Advisors, and reports directly to the ARMC. The head of IA function, Ms Christine Looi, is a Chartered Member of Institute of Internal Auditors Malaysia, and is supported by her engagement team of internal auditors who have the relevant professional qualifications such as Certified Internal Auditor or equivalent.</p> <p>The ARMC had evaluated and reviewed the IA functions and was satisfied that the IA activities/audit plan were carried out in accordance with recognised framework. The ARMC also received assurance from the outsourced IA that all assigned IA engagement team personnel remain independent, objective and free from any relationships or conflicts of interest in carrying out their IA duties throughout the engagement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.  During the meeting, shareholders have the opportunities to enquire and comment on the Company's performance and operations.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Not applicable
		The Company is not under the category of "Large Companies" in 2019.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (“AGM”) includes a detailed explanatory notes and background information where applicable, in order to enable shareholders to make informed decisions regarding the business agenda of the AGM.</p> <p>The Notice of Third AGM was sent to the shareholders on 30 April 2019, which is more than 28 days’ notice prior to the date of the AGM held on 29 May 2019. In addition to sending the Notice of AGM, the Company also published the Notice of AGM on its website, released to the public via Bursa LINK and advertised in a local newspaper.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors attended the AGM held on 29 May 2019. The shareholders' questions were all responded accordingly by the relevant members of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Not applicable
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company does not fall in the category as a Large Company.</p> <p>However as part of the initiative to curb the spread of Coronavirus Disease 2019 (“COVID-19”), the coming Fourth (“4<sup>th</sup>”) AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor &amp; Issuing House Securities Sdn Bhd’s TIIH Online website at <a href="http://tiih.online">http://tiih.online</a>.</p> <p>The venue of the 4<sup>th</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholder/proxy(ies) from the public will be physically present at the meeting venue.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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