

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2925
COMPANY NAME : Cycle & Carriage Bintang Berhad
FINANCIAL YEAR : 31 December 2018

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The board of directors of the company ("Board") has overall responsibility for the strategic direction of the Company and its subsidiaries ("Group"). Being a subsidiary and member of the Jardine Cycle & Carriage, the Group's business strategies were discussed at Jardine Cycle & Carriage Group level.</p> <p>The Chief Executive Officer ("CEO") and the Head of Human Resource of the Company together with the Regional Director – Human Resources of Jardine Cycle & Carriage group will evaluate, identify and review risk and development opportunities with the Key Management personnel during the annual assessment process.</p> <p>The authorities of the Board in relation to the conduct of the Board, remuneration, operation and finance including other matters specified in Appendix A of the Board Charter, a copy of which is 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

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

Practice 1.2

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

Application	:	Applied.	
Explanation on application of the practice	:	Mr Haslam Preston is the current Chairman of the Board. He was first appointed as a Non-Independent Non-Executive Director of the Company on 21 February 2014 and was subsequently re-designated as Chairman of the Board on 19 April 2016. As the Chairman of the Board, he is responsible to ensure effective conduct of the Board as detailed in Appendix B of the Board Charter, a copy of which is made available on the Company's website.	
Explanation for departure	:	-	
	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 1.3

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The positions of Chairman of the Board and CEO of the Company are held by different individuals. Mr. Haslam Preston is the current Chairman of the Board and Mr. Wilfrid Foo Tsu-Jin (Fu Siren) is the current CEO of the Company.</p> <p>The division of responsibilities between the Chairman and the CEO are set out in Appendix B and C of the Board Charter, a copy of which is 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

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

Practice 1.4

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

Application	:	Applied.	
Explanation on application of the practice	:	Mr. Yeap Kok Leong, Ms Lim Hooi Mooi and Ms Ong Wai Leng of Tricor Corporate Services Sdn Bhd are the Company Secretaries of the Company. They are qualified Company Secretaries and are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). They are responsible for ensuring that the Board and Management are advised and kept updated on the applicable laws, rules and procedures governing the Company, its subsidiaries and their business. Further, they constantly keep the Board and the Management abreast of changes in the realm of corporate governance through continuous professional development.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 1.5

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

Application	:	Applied.	
Explanation on application of the practice	:	The meeting pack including meeting agenda, minutes of previous meetings, operational matters, finance reports and other briefing materials are circulated to the Board for their review five (5) business days prior to the date of the Board or Committee meetings. The draft minutes are circulated to the Board or the Committee for review and comments in a timely manner post conclusion of the meeting. The minutes of the meeting would be confirmed and signed by the Chairman at the forthcoming meeting which normally takes place within two (2) to three (3) months from the preceding meeting.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied.	
Explanation on application of the practice	:	Pursuant to item 11 of Part I – Board Responsibilities, the Board Charter is required to be reviewed by the Board at least once in every three (3) years. The last review was conducted in February 2018. A copy of the Board Charter is made available on the Company's website for stakeholders' perusal.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied.	
Explanation on application of the practice	:	The Company adopts the global Code of Conduct (latest version was as at July 2017) issued and administered by Jardine Matheson Holdings Limited which serves to establish the standards and values which the Jardine Group, wish to uphold in operating all of its businesses. A copy of the Code of Conduct is made available on the Company's website. Apart from ensuring adherence to the applicable laws and regulations in Malaysia, the company also has a good compliance practices policy, whistle blowing policy, and anti-money laundering policy to manage conflicts of interest and prevent abuse of power, corruption, insider trading and money laundering.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Company's policies and procedures on whistleblowing are contained in the Group Policy on Disclosure of Matters of Serious Concern (Whistle-Blowing Policy) and the Jardine Group's Code of Conduct.</p> <p>Both the aforesaid documents are made available on the Company's website for stakeholders' perusal.</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 4.1

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

Application	:	Applied.	
Explanation on application of the practice	:	Currently, there are four (4) Directors on the Board and two (2) of the Directors, namely Ms. Tang Saw Hua and Mr. Anthony Albert Collingridge, are Independent Non-Executive Directors.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied.	
Explanation on application of the practice	:	Currently, the Board does not have any member whose tenure exceeds a cumulative term limit of nine (9) years. Tan Sri Dato' Sulaiman Bin Sujak has retired on 23 April 2018 at the last Annual General Meeting (" AGM ") of the Company.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted.
Explanation on adoption of the practice	:	Not applicable.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) is tasked with the delegated authority of the Board to evaluate candidates and recommend new appointments to the Board taking into consideration their capabilities, professionalism, integrity, expertise and experience.</p> <p>The NC will assess the effectiveness and independence of the Board and the Senior Management including the CEO and the independence of the Independent Directors. A yearly assessment of the Board members and CEO would be carried out.</p> <p>From diversity perspective, the current Board is made up of members with different skill sets and experience, cultural background, gender, nationality and age. Further details on the profile of the Board members are made available in the annual report and 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

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

Practice 4.5

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

Application	:	Applied.	
Explanation on application of the practice	:	The Board is committed to ensure that the appointments made to the Board are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board is committed to diversity and has an equal opportunity policy where there are no barriers by reason of an individual's gender, ethnicity, age and nationality. As at 31 December 2018, 50% of the Board consists of female Directors, namely Ms. Rossana Annizah binti Ahmad Rashid and Ms. Tang Saw Hua.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 4.6

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

Application	:	Departure	
Explanation on application of the practice	:	Not applicable	
Explanation for departure	:	The appointment of any new member to the Board is a formal and transparent process by which a candidate could be identified via a recommendation by a Board member or Management, or sourced through the Jardine Matheson Group's extensive network of contacts.	
		The NC will also use other independent sources such as industry associations and open advertisements to shortlist suitable candidates.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 4.7

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

Application	:	Applied.	
Explanation on application of the practice	:	The current Chairman of the NC is Anthony Albert Collingridge, an Independent Non-Executive Director. He was appointed on 31 October 2018.	
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>Facilitated by the NC, the Company conducts an annual evaluation to determine the effectiveness of the Board collectively, its three (3) committees and each Director individually.</p> <p>The process is carried out via customised questionnaires sent to the Directors pertaining to the following evaluation:</p> <ul style="list-style-type: none"> i. Board evaluation; ii. Directors evaluation; iii. Audit Committee evaluation iv. Nominating Committee evaluation; v. Remuneration Committee evaluation; and vi. Chairman evaluation. <p>Assessment criteria covers areas such as purpose, composition, process, contribution in topics such as strategic perspective, governance integrity, judgment and decision making, teamwork and communication. The results of assessment by Directors and Board's effectiveness as a whole were collated by the Company Secretary and were tabled to the NC for review and deliberation/notation.</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 6.1

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 Remuneration Committee (“RC”) will discuss and approve the annual salary increment and bonuses framework for the Non-Executive Directors, Executive Directors, CEO and Senior Management.</p> <p>The remuneration packages for the aforesaid positions will be deliberated and decided by the Board as a whole to ensure that the package is fair yet attractive to retain and motivate the Directors and Senior Management.</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 established a RC. In compliance with the Board Charter and the MCCG 2017, the RC currently consist of three (3) members, two (2) of whom are Independent Non-Executive Directors.</p> <p>The RC will assist the Board to review the remuneration packages for its Executive Directors, Senior Management and employees and thereafter, make recommendations to the Board. The RC will also review the CEO's performance to discuss and indicate if the goals and objectives of the company are being met. The results of the review including its recommended reward to the CEO will be presented to the Board for its deliberation.</p> <p>The terms of reference of the RC is set out in Appendix G of the Board Charter, a copy of which is 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

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	:	Details regarding the Directors' fees are disclosed on a named basis in the Corporate Governance Overview Statement in the Annual Report.	
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	:	Not applicable	
Explanation for departure	:	<p>The aggregate quantum of Key Management's remuneration is disclosed in the Notes to the Financial Statements in the Annual Report.</p> <p>The Board is of the view that detailed disclosure of Senior Management's remuneration components will not be in the best interest of the Group, as it may give rise to recruitment and talent retention issues.</p> <p>That said, the Board acknowledges the importance of talent retention to drive the company's long term objective. The Company reviews the remuneration components annually and measures them against the goals set for the following year to ensure that its package is competitive to motivate Senior Management's performance. The annual salary increment and bonuses framework are discussed and approved at RC level. For further details on the remuneration structure, please refer to the Corporate Governance Overview Statement.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable as the Company does not fall within the category of "Large Companies".	
Timeframe	:	-	-

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted.
Explanation on adoption of the practice	:	Not Applicable.

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>The positions of the Chairman of the Board and Chairman of the Audit Committee ("AC") are held by different individual. Mr. Haslam Preston is the Chairman of the Board while Ms. Tang Saw Hua is the Chairperson of the AC.</p> <p>Further, Ms Tang Saw Hua is a Senior Independent Non-Executive Director. Therefore, the requirement under Paragraph 15.10 of the Main Market Listing Requirements is complied with.</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	:	Departure	
Explanation on application of the practice	:	Not applicable	
Explanation for departure	:	Notwithstanding that the Company has yet to establish such a policy for the year 2018, no former key audit partners of the present and previous external auditors have been appointed to the Board or employed by the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable as the Company does not fall within the category of “Large Companies”.	
Timeframe	:	-	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied.	
Explanation on application of the practice	:	The AC assesses the suitability and independence of external auditors by obtaining affirmation from the external auditors that it maintained its independence in accordance with the By-Laws on Professional Ethics, Conduct and Practice of the Malaysia Institute of Accountants.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted.
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied.	
Explanation on application of the practice	:	All members of the AC are financially literate. Collectively, the AC possesses a wide range of necessary skills including change management, communication, finance, human resource management, information technology, mergers & acquisitions, resources management, strategic planning, taxation and treasury management to discharge their duties.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Company has in place a robust risk management framework to identify, evaluate and manage significant risks impacting the business and affairs of the Company.</p> <p>The Management was authorised by the Board to review and determine the level of risk tolerance. The Management is also required to identify and evaluate the adequacy and implementation of processes to manage, mitigate, avoid or eliminate the risks.</p> <p>The Internal Auditors (“IA”) will update the Audit Committee members on quarterly basis in relation to the internal audit activities conducted during the said reporting period.</p> <p>The internal control system of the Company consist of the following:</p> <ul style="list-style-type: none"> i. Organisation structure and well-defined lines of responsibilities and delegated authority; ii. Independence of the AC; iii. Comprehensive budgeting and monitoring processes; and iv. Performance measure i.e. performance appraisal for CEO.
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

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

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

Practice 9.2

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

Application	:	Applied.	
Explanation on application of the practice	:	Details of the features of risk management and internal control framework are disclosed in the Company's Annual Report.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted.
Explanation on adoption of the practice	:	Not Applicable.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Company engages with Jardine Matheson Group Internal Auditors (“IA”) to carry out the internal audit function. The IA has performed the following activities:</p> <ul style="list-style-type: none">i. Identifying risk areas;ii. Implementing control measures;iii. Monitoring controls;iv. Assessing the overall control environment of the Company to ensure its effectiveness; andv. Updating the AC on the internal audit plan on quarterly basis. <p>Internal audit scope covered during the financial year ended 31 December 2018 was in relation to significant units and operations of the Group, various computer application systems and network of the Group.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied.	
Explanation on application of the practice	:	A statement on the Internal Audit Function is disclosed in the AC Report contained in the Company’s Annual Report. It was noted that the IA are independent of the activities they audit and perform their audit with impartiality and due professional care.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied.	
Explanation on application of the practice	:	The Company's ongoing engagement and regular communication with stakeholders were established through investors relations function quarterly announcements, general meetings and electronic communication such as its website.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:	Not applicable	
Explanation for departure	:	The Company does not fall within the category of "Large Companies" and therefore, this practice is not required to be complied with by the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company does not fall within the category of "Large Companies" and therefore, this practice is not required to be complied with by the Company.	
Timeframe	:	-	-

Intended Outcome

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

Practice 12.1

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

Application	:	Applied.	
Explanation on application of the practice	:	The notice of the Company's 50 th AGM held on 23 April 2018 was circulated on 22 March 2018, a month before the AGM.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	-

Intended Outcome

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

Practice 12.2

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>All the Directors and Chairman of every Board Committee were present at the 50th AGM of the Company held on 23 April 2018 to address questions from shareholders.</p> <p>In addition, the Company's External Auditors, Messrs PricewaterhouseCoopers PLT also attended the AGM and was available to answer questions relating to audit processes.</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.

Application	:	Applied.
Explanation on application of the practice	:	<p>In accordance with Paragraph 8.29A of the Main Market Listing Requirements, all resolutions set out in the notice of the 50th AGM were put to vote by e-poll. The voting results were validated and presented to the shareholders at the AGM itself. This practice will be adopted in the upcoming 51st AGM.</p> <p>Further, shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. Copies of the proxy forms are distributed together with the Company's Annual Report.</p> <p>The 51st AGM will be held at Concorde Hotel, Kuala Lumpur, which is located at the heart of Kuala Lumpur city centre is an easily accessible location to facilitate greater shareholders' participation.</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	:	-

**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.

This requirement is not applicable to the Company.